PGG Wrightson Limited

Statement of Comprehensive Income

For the year ended 30 June 2014

	Note	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Continuing operations					
Operating revenue	4,5	1,219,383	1,131,847	679,018	583,062
Cost of sales	6	(914,467)	(845,875)	(501,915)	(437,440)
Gross profit		304,916	285,972	177,103	145,622
Other income	7	285	1,267	285	975
Employee benefits expense		(144,813)	(137,728)	(99,327)	(83,625)
Research and development		(4,839)	(4,355)	(37)	(7)
Other operating expenses	8	(96,802)	(99,359)	(59,805)	(53,928)
		(246,169)	(240,175)	(158,884)	(136,585)
Operating EBITDA		**58,747**	**45,797**	**18,219**	**9,037**
Equity accounted earnings of associates	9	2,521	1,483	-	-
Impairment losses on goodwill	10	-	(321,143)	-	(91,323)
Non operating items	10	6,422	(7,134)	21,260	(214,176)
Fair value adjustments	11	1,310	(1,879)	1,310	(1,879)
EBITDA		69,000	(282,876)	40,789	(298,341)
Depreciation and amortisation expense		(11,242)	(7,642)	(7,845)	(3,584)
Results from continuing operating activities		57,758	(290,518)	32,944	(301,925)
Net interest and finance costs	12	(7,926)	(9,374)	(4,362)	(7,865)
Profit/(loss) from continuing operations before income taxes		49,832	(299,892)	28,582	(309,790)
Income tax (expense)/income	13	(8,472)	(5,029)	2,852	3,960
Profit/(loss) from continuing operations		41,360	(304,921)	31,434	(305,830)
Discontinued operations					
Profit/(loss) from discontinued operations (net of income taxes)	14	898	(1,584)	-	-
Profit/(loss) for the year		**42,258**	**(306,505)**	**31,434**	**(305,830)**
Other comprehensive income/(loss)					
Items that will never be reclassified to profit or loss					
Changes in fair value of equity instruments		(842)	5,120	138	4,000
Amalgamation of subsidiaries		-	-	894	-
Remeasurements of defined benefit liability	28	5,117	6,278	5,117	6,278
Deferred tax on remeasurements of defined benefit liability		(1,433)	(1,758)	(1,433)	(1,758)
		2,842	9,640	4,716	8,520
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		(7,062)	(4,568)	-	-
Effective portion of changes in fair value of cash flow hedges		649	(711)	-	-
Income tax on changes in fair value of cash flow hedges		(269)	-	-	-
		(6,682)	(5,279)	-	-
Other comprehensive income/(loss) for the period, net of income tax		(3,840)	4,361	4,716	8,520
Total comprehensive income/(loss) for the period		**38,418**	**(302,144)**	**36,150**	**(297,310)**
Profit/(loss) attributable to:					
Shareholders of the Company		42,249	(307,992)	31,434	(305,830)
Non-controlling interest		9	1,487	-	-
Profit/(loss) for the year		**42,258**	**(306,505)**	**31,434**	**(305,830)**
Total comprehensive income/(loss) attributable to:					
Shareholders of the Company		38,721	(303,724)	36,150	(297,310)
Non-controlling interest		(303)	1,580	-	-
Total comprehensive income/(loss) for the year		**38,418**	**(302,144)**	**36,150**	**(297,310)**
Earnings/(loss)per share					
Basic earnings per share (New Zealand Dollars)	15	0.056	(0.406)		
Continuing operations					
Basic earnings per share (New Zealand Dollars)		0.055	(0.404)		

The accompanying notes form an integral part of these financial statements.

PGG Wrightson Limited

Statement of Changes in Equity

For the year ended 30 June 2014

GROUP	Share capital	Foreign currency translation reserve	Realised capital and other reserves	Revaluation reserve	Hedging reserve	Defined benefit plan reserve	Fair value reserve	Retained earnings	Non-controlling interest	Total equity
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2012	606,324	(2,155)	25,668	681	603	(20,213)	(1,550)	(34,340)	2,756	577,774
Total comprehensive income for the period										
Profit or loss	-	-	-	-	-	-	-	(307,992)	1,487	(306,505)
Other comprehensive income										
Foreign currency translation differences	-	(4,510)	(82)	5	-	-		(74)	93	(4,568)
Effective portion of changes in fair value of equity instruments, net of tax	-	-	-	-	-	-	5,120	-	-	5,120
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(711)	-	-	-	-	(711)
Remeasurements of defined benefit liability, net of tax	-	-	-	-	-	4,520	-	-	-	4,520
Total other comprehensive income	-	(4,510)	(82)	5	(711)	4,520	5,120	(74)	93	4,361
Total comprehensive income for the period	-	(4,510)	(82)	5	(711)	4,520	5,120	(308,066)	1,580	(302,144)
Transactions with shareholders, recorded directly in equity										
Contributions by and distributions to shareholders										
Buy out of non-controlling interest	-	-	(1,957)	-	-	-	-	-	(103)	(2,060)
Dividends to shareholders	-	-	-	-	-	-	-	(16,869)	(595)	(17,464)
Total contributions by and distributions to shareholders	-	-	(1,957)	-	-	-	-	(16,869)	(698)	(19,524)
Balance at 30 June 2013	**606,324**	**(6,665)**	**23,629**	**686**	**(108)**	**(15,693)**	**3,570**	**(359,275)**	**3,638**	**256,106**
Balance at 1 July 2013	606,324	(6,665)	23,629	686	(108)	(15,693)	3,570	(359,275)	3,638	256,106
Total comprehensive income for the period										
Profit or loss	-	-	-	-	-	-	-	42,249	9	42,258
Other comprehensive income										
Foreign currency translation differences	-	(6,749)	189	(190)	-	-	-	-	(312)	(7,062)
Effective portion of changes in fair value of equity instruments, net of tax	-	-	-	-	-	-	(842)	-	-	(842)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	380	-	-	-	-	380
Reclassification upon sale of Heartland New Zealand Limited investment	-	-	-	-	-	-	(3,471)	3,471	-	-
Remeasurements of defined benefit liability, net of tax	-	-	-	-	-	3,684	-	-	-	3,684
Total other comprehensive income	-	(6,749)	189	(190)	380	3,684	(4,313)	3,471	(312)	(3,840)
Total comprehensive income for the period	-	(6,749)	189	(190)	380	3,684	(4,313)	45,720	(303)	38,418
Transactions with shareholders, recorded directly in equity										
Contributions by and distributions to shareholders										
Sale to non-controlling interest	-	-	-	60	-	-	-	-	-	60
Buy out of non-controlling interest	-	-	(498)	-	-	-	-	-	(483)	(981)
Dividends to shareholders	-	-	-	-	-	-	-	(22,906)	(995)	(23,901)
Total contributions by and distributions to shareholders	-	-	(498)	60	-	-	-	(22,906)	(1,478)	(24,822)
Balance at 30 June 2014	**606,324**	**(13,414)**	**23,320**	**556**	**272**	**(12,009)**	**(743)**	**(336,461)**	**1,857**	**269,702**

The accompanying notes form an integral part of these financial statements.

PGG Wrightson Limited

Statement of Changes in Equity (continued)

For the year ended 30 June 2014

COMPANY	Share capital	Realised capital and other reserves	Defined benefit plan reserve	Fair value reserve	Retained earnings	Total equity
	$000	$000	$000	$000	$000	$000
Balance at 1 July 2012	606,324	24,542	(20,213)	(667)	(40,434)	569,552
Total comprehensive income for the period						
Profit or loss	-	-	-	-	(305,830)	(305,830)
Other comprehensive income						
Effective portion of change in fair value of financial instruments, net of tax	-	-	-	4,000	-	4,000
Remeasurements of defined benefit liability, net of tax	-	-	4,520	-	-	4,520
Total other comprehensive income	-	-	4,520	4,000	-	8,520
Total comprehensive income for the period	-	-	4,520	4,000	(305,830)	(297,310)
Transactions with shareholders, recorded directly in equity						
Contributions by and distributions to shareholders						
Dividends to shareholders	-	-	-	-	(16,869)	(16,869)
Total contributions by and distributions to shareholders	-	-	-	-	(16,869)	(16,869)
Balance at 30 June 2013	**606,324**	**24,542**	**(15,693)**	**3,333**	**(363,133)**	**255,371**
Balance at 1 July 2013	606,324	24,542	(15,693)	3,333	(363,133)	255,371
Total comprehensive income for the period						
Profit or loss	-	-	-	-	31,434	31,434
Other comprehensive income						
Effective portion of change in fair value of financial instruments, net of tax	-	-	-	138	-	138
Reclassification upon sale of Heartland New Zealand Limited investment	-	-	-	(3,471)	3,471	-
Remeasurements of defined benefit liability, net of tax	-	-	3,684	-	-	3,684
Amalgamation of subsidiaries	-	-	-	-	894	894
Total other comprehensive income	-	-	3,684	(3,333)	4,365	4,716
Total comprehensive income for the period	-	-	3,684	(3,333)	35,799	36,150
Transactions with shareholders, recorded directly in equity						
Contributions by and distributions to shareholders						
Dividends to shareholders	-	-	-	-	(22,906)	(22,906)
Total contributions by and distributions to shareholders	-	-	-	-	(22,906)	(22,906)
Balance at 30 June 2014	**606,324**	**24,542**	**(12,009)**	**-**	**(350,240)**	**268,615**

The accompanying notes form an integral part of these financial statements.

PGG Wrightson Limited

Statement of Financial Position

As at 30 June 2014

	Note	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
ASSETS					
Current					
Cash and cash equivalents	16	11,343	5,845	6,059	326
Short-term derivative assets	17	2,556	662	32	279
Trade and other receivables	18	236,529	217,821	167,235	195,145
Finance receivables	19	3,561	11,477	-	-
Income tax receivable		-	4,092	7,462	5,747
Assets classified as held for sale	20	1,168	801	1,157	801
Biological assets	21	6,198	4,233	6,198	4,233
Inventories	22	229,458	243,650	47,871	49,662
Total current assets		490,813	488,581	236,014	256,193
Non-current					
Long-term derivative assets	17	369	3	-	-
Biological assets	21	146	147	146	147
Deferred tax asset	13	11,037	9,422	5,065	3,883
Investment in subsidiaries	23	-	-	221,727	225,282
Investments in equity accounted investees	9	1,364	4,210	-	-
Other investments	24	10,647	23,995	501	11,559
Intangible assets	25	5,684	6,715	4,824	5,688
Property, plant and equipment	26	114,442	86,435	42,652	36,481
Total non-current assets		143,689	130,927	274,915	283,040
Total assets		**634,502**	**619,508**	**510,929**	**539,233**
LIABILITIES					
Current					
Debt due within one year	16	35,573	47,702	-	9,514
Short-term derivative liabilities	17	887	2,451	376	429
Accounts payable and accruals	27	240,127	222,723	161,133	188,577
Income tax payable		3,071	-	-	-
Total current liabilities		279,658	272,876	161,509	198,520
Non-current					
Long-term debt	16	65,000	62,000	65,000	62,000
Long-term derivative liabilities	17	5	623	-	-
Other long-term provisions	27	6,609	7,084	2,277	2,523
Defined benefit liability	28	13,528	20,819	13,528	20,819
Total non-current liabilities		85,142	90,526	80,805	85,342
Total liabilities		364,800	363,402	242,314	283,862
EQUITY					
Share capital	29	606,324	606,324	606,324	606,324
Reserves	29	(3,395)	5,419	12,533	12,182
Retained earnings	29	(335,084)	(359,275)	(350,242)	(363,135)
Total equity attributable to shareholders of the Company		267,845	252,468	268,615	255,371
Non-controlling interest		1,857	3,638	-	-
Total equity		269,702	256,106	268,615	255,371
Total liabilities and equity		**634,502**	**619,508**	**510,929**	**539,233**

These consolidated financial statements have been authorised for issue on 11 August 2014.

Alan Lai
Chairman

Bruce Irvine
Director

The accompanying notes form an integral part of these financial statements.

PGG Wrightson Limited

Statement of Cash Flows

For the year ended 30 June 2014

	Note	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		1,284,428	1,161,211	658,351	584,586
Dividends received		9	645	9	480
Interest received		3,190	6,667	1,829	2,174
		1,287,627	1,168,523	660,189	587,240
Cash was applied to:					
Payments to suppliers and employees		(1,223,893)	(1,123,433)	(638,246)	(576,221)
Interest paid		(4,791)	(5,830)	(2,514)	(4,703)
Income tax received / (paid)		(4,119)	12	(5,205)	829
		(1,232,803)	(1,129,251)	(645,965)	(580,095)
Net cash flow from operating activities	30	**54,824**	**39,272**	**14,224**	**7,145**
Cash flows from investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment		1,898	1,659	939	1,472
Net decrease in finance receivables		7,918	11,383	-	-
Proceeds from sale of investments, net of cash		21,109	2,713	11,205	-
		30,925	15,755	12,144	1,472
Cash was applied to:					
Purchase of property, plant and equipment		(38,006)	(6,745)	(2,691)	(3,427)
Purchase of intangibles (software)		(4,238)	(938)	(4,179)	(792)
Net cash paid for purchase of investments		(7,171)	(5,476)	(6,377)	-
		(49,415)	(13,159)	(13,247)	(4,219)
Net cash flow from investing activities		(18,490)	2,596	(1,103)	(2,747)
Cash flows from financing activities					
Cash was provided from:					
Increase in external borrowings and bank overdraft		3,725	17,994	3,000	9,514
Repayment of loans by related parties		1,803	310	22,032	161,987
		5,528	18,304	25,032	171,501
Cash was applied to:					
Dividends paid to shareholders		(22,906)	(16,869)	(22,906)	(16,869)
Dividends paid to minority interests		(995)	(595)	-	-
Repayment of loans to related parties		-	(3,274)	-	(115,523)
Extension/(repayment) of external borrowings		(12,463)	(49,500)	(9,514)	(49,500)
		(36,364)	(70,238)	(32,420)	(181,892)
Net cash flow from financing activities		(30,836)	(51,934)	(7,388)	(10,391)
Net increase/(decrease) in cash held		5,498	(10,066)	5,733	(5,993)
Opening cash/(bank overdraft)		5,845	15,911	326	6,319
Cash and cash equivalents		11,343	5,845	6,059	326

The accompanying notes form an integral part of these financial statements.

1 Reporting Entity

PGG Wrightson Limited (the "Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. The Company is an issuer in terms of the Financial Reporting Act 1993.

Financial statements for the Company (separate financial statements) and consolidated financial statements are presented. The consolidated financial statements of PGG Wrightson Limited as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The Company is primarily involved in the provision of rural services.

2 Basis of Preparation

Statement of Compliance
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as applicable for profit oriented entities. The financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board, as applicable for profit oriented entities.

These statements were approved by the Board of Directors on 11 August 2014.

Basis of Measurement
The financial statements have been prepared on the historical cost basis except for the following:
- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- investments are measured at fair value
- biological assets are measured at fair value less point-of-sale costs
- assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

Fair Value Hierarchy
Fair value are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Functional and Presentation Currency
These financial statements are presented in New Zealand dollars ($), which is the Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

Use of Estimates and Judgements
The preparation of the consolidated financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and assumptions.

Estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note	Judgement
23	Business combinations
31	Classification and valuation of financial assets and instruments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note	Assumption or estimation uncertainty
22	Valuation of seeds inventory
27	Provisions and contingencies
28	Measurement of defined benefit obligations: key actuarial assumptions

Certain comparative amounts in the Statement of Comprehensive Income, Statement of Changes in Equity and the operating segment note have been reclassified to confirm with the current period's presentation. In addition, the Statement of Comprehensive Income has been re-presented as if an operation discontinued during the current period has been discontinued from the start of the comparative period (see Note 14).

3 Significant Accounting Policies

Except as noted below for employee benefits, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of Consolidation

Subsidiaries
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates and Jointly Controlled Entities
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence starts. Where the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions Eliminated on Consolidation
Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3 Significant Accounting Policies (continued)

(b) Foreign Currencies

Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of the group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand dollars at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and the Foreign Currency Translation Reserve ("FCTR"). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

(c) Income Recognition

Recognition of Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sales Revenue

Sales revenue comprises the sale value of transactions where the Group acts as a principal and the commission for transactions where the Group acts as an agent.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Irrigation Contracts

The revenue on work-in-progress is recognised when it can be estimated reliably. The percentage of completion method is used to determine the appropriate amount to recognise in each year. The full amount of any anticipated loss, including that relating to work on the contract, is recognised as soon as it is foreseen.

Investment Income

Investment income is recognised when earned. Dividends are recognised when received, or accrued when declared and approved for distribution prior to balance date.

Interest and Similar Income and Expense

For all financial instruments measured at amortised cost, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

The Group recognises interest revenue, management fees, and establishment fees on an accruals basis when the services are rendered using the effective interest rate method.

Fee Income from Providing Transaction Services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transactions. Fees or components of the fees that are linked to certain performance are recognised after fulfilling the corresponding criteria.

(d) Income Tax

Income tax expense comprises current and deferred taxation and is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised directly in other comprehensive income or equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable with respect to previous periods.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- the initial recognition of goodwill
- differences relating to subsidiaries, associates and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be recognised.

(e) Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

(f) Earnings per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the number of shares outstanding to include the effects of all potential dilutive shares.

3 Significant Accounting Policies (continued)

(g) Financial Instruments

(i) Non-derivative Financial Assets

Non-derivative financial assets comprise investments in equity and debt securities, finance receivables, trade and other receivables, cash and cash equivalents and intercompany advances. The Group adopted NZ IFRS 9 (2009) *Financial Instruments* from 1 January 2012. NZ IFRS 9 (2009) requires that an entity classifies its financial assets at either amortised cost of fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group initially recognises financial assets on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through profit and loss, the initial investment includes transaction costs that are directly attributable to the asset's acquisition or origination. The Group subsequently measures financial assets at either fair value or amortised cost.

Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

The Group's policy on impairment is the same as that applied to its consolidated financial statements as at and for the year ended 30 June 2013 for loans and receivables .

Financial assets measured at fair value

Financial assets other than those classified as financial assets measured at amortised cost are subsequently measured at fair value with all changes recognised in profit or loss.

However, for investments in equity instruments that are not held for trading, the Group may elect at initial recognition to present gains and losses through other comprehensive income. For instruments measured at fair value through other comprehensive income gains and losses are never reclassified to profit and loss and no impairments are recognised in profit and loss. Dividends earned from such investments are recognised in profit and loss unless the dividends clearly represent a repayment of part of the cost of investment.

Investments in equity securities of subsidiaries, associates and joint ventures are measured at cost in the separate financial statements of the Company.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Trade and Other Receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

(ii) Non-derivative Financial Liabilities

Interest-bearing Borrowings

Interest-bearing borrowings are classified as other financial liabilities and are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

Trade and Other Payables

Trade and other payables are stated at cost.

(iii) Derivative Financial Instruments

The Group uses derivative financial instruments to manage its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities. In accordance with Treasury policy, the Group does not hold or issue derivative instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship (see below).

Cash Flow Hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

3 Significant Accounting Policies (continued)

(h) Impairment

The carrying value of the Group's assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount exceeds its recoverable amount. Impairment losses directly reduce the carrying value of assets and are recognised in profit or loss unless the asset is carried at a revalued amount in accordance with another standard.

Impairment of Equity Instruments
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of assets is impaired. In the case of equity instruments that are not held for trading, the Group may elect to present gains and losses through other comprehensive income. If no election is made fair value gains and losses are recognised in profit or loss.

Impairment of Trade Receivables
Trade receivables are considered past due when they have been operated outside of the normal key trade terms. When forming a view management considers the counterparty's ability to pay, the level of security and the risk of loss.

Accounts receivables include accrued interest. Specific provisions are maintained to cover identified doubtful debts.

Impairment of Finance Receivables
Finance receivables are considered past due when they have been operated by the counterparty out of key terms, the facility has expired, and in managements view there is no possibility of the counterparty operating the facility within key terms. When forming a view management considers the counterparty's ability to pay, the level of security and the risk of loss.

Finance receivables include accrued interest and are stated at estimated net realisable value after allowing for a provision for doubtful debts. Specific provisions are maintained to cover identified doubtful debts.

The recoverable amount of the Group's investments in held-to-maturity debt instruments and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with short duration are not discounted.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

All known losses are expensed in the period in which it becomes apparent that the receivables are not collectable.

Non-financial Assets (including goodwill)
The carrying amounts of the Group's non-financial assets, other than biological assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated. For goodwill and intangible assets that have indefinite lives, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it relates, exceeds the recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised with respect to cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or unit.

In determining the fair value using value in use, regard is given to external market evidence.

An impairment loss with respect to goodwill is not reversed. With respect to other assets losses recognised in prior periods are assessed at each reporting date for any indications that the loss may have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the carrying value of the asset does not exceed the carrying value that the asset would have had, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made is disclosed in the notes specific to that asset or liability.

Property, Plant and Equipment
The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

Intangible Assets
The fair value of intangible assets acquired in a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Biological Assets
The fair value of biological assets is based on the market price of similar assets at the reporting date. The market price of biological assets intended for export is determined by recent transactions in the market place. The fair value of biological assets intended for domestic processing is determined by applying the market price of stock weight offered by meat processors to the stock weight at the reporting date less any point of sale costs including transportation.

Stock counts of livestock quantities are performed by the Group at each reporting date.

Investments in equity
The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to the market price, unless other objective reliable evidence suggests a different value. Other investments where no active market exists are held at historical cost.

Trade and Other Receivables
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivatives
The fair value of forward exchange contracts is based on broker quotes, if available. If broker quotes are not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate based on government bonds.

The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract using market interest rates for a similar instrument at the reporting date.

Non-derivative Financial Instruments
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

3 Significant Accounting Policies (continued)

(j) Biological Assets

Biological assets are measured at fair value less point-of-sale costs, with any change therein recognised in profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets including transportation costs.

(k) Inventories

Finished Goods
Raw materials and finished goods are stated at the lower of cost or net realisable value. Cost is determined on a first in, first out basis, and, in the case of manufactured goods, includes direct materials, labour and production overheads.

Wholesale Seeds
Wholesale seeds inventory is stated at the lower of cost or net realisable value and comprises costs of purchase and other direct costs incurred to bring the inventory to its present location and condition.

(l) Intangible Assets

Computer Software
Computer software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over an estimated useful life between 3 and 10 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Goodwill
Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost less accumulated impairment losses. Impairment loss with respect to goodwill is not reversed. With respect to equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Research and Development
The principal research and development activities are in the development of systems, processes and new seed cultivars.

Research expenditure on the development of new systems and processes is recognised in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Research and development expenditure on the development of new seed cultivars is recognised in profit or loss as incurred. Development costs of seed cultivars are substantially indistinguishable from the cultivar research costs.

(m) Property, Plant & Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent Costs
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

Borrowing Costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed as they are incurred.

Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, buildings, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives for the current and comparative periods are between 3 and 40 years for plant and equipment and 50 years for buildings. Depreciation methods, useful lives and residual values are reassessed at reporting date.

(n) Leasing Commitments

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classed as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the statement of financial position. Amounts payable under operating lease arrangements are recognised in profit or loss.

(o) Employee Benefits

The Group's net obligation with respect to defined benefit pension plans is calculated by estimating the future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the lower of the net assets of the plan or the current value of the contributions holiday that is expected to be generated. Actuarial gains and losses are recognised directly in other comprehensive income and the defined benefit plan reserve in equity.

The IFRS Interpretations Committee has provided clarification with regards to IAS 19 *Employee Benefits* (2011) as to whether the discount rate used to calculate a defined benefit liability should be a pre-tax or post-tax rate. The Committee observed that a pre-tax discount rate should be applied. Historically, the Group's actuarial calculations used a post-tax discount rate. In calculating the Group's defined benefit liability as at 30 June 2014 a pre-tax rate has been used. No changes have been made to the comparative periods.

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided. A provision is recognised for the amount of outstanding short-term benefits at each reporting date.

Provisions made with respect to employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the Group with respect to services provided by employees up to reporting date.

3 Significant Accounting Policies (continued)

(p) Share Capital

Ordinary Share Capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Repurchase of Share Capital
When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are cancelled. Treasury stock for which unrestricted ownership has not yet been transferred are not cancelled.

(q) Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach modified by the netting of certain items as disclosed below.

Deposits received less withdrawals are netted as the cash flows are received and disbursed on behalf of customers and reflect the activities of the customers rather than those of the Company.

(r) Disclosure of Non-GAAP financial information

Non-GAAP reporting measures have been presented in the Statement of Comprehensive Income or referenced to in the notes to the financial statements. The following non-GAAP measures are relevant to the understanding of the Group financial performance:

- EBITDA (a non-GAAP measure) represents earnings before net finance costs, income tax, depreciation, amortisation and the results from discontinued operations.
- Operating EBITDA (a non-GAAP measure) represents earnings before net finance costs, income tax, depreciation, amortisation, results from discontinued operations, fair value adjustments, non-operating items and equity accounted earnings of associates.

The PGW Board and management consider the Operating EBITDA measure to promote a more meaningful communication of financial information. This measure is also the required information for certain stakeholders and for internal management reporting and review.

(s) Standards and Interpretations That Have Been Issued or Amended But Are Not Yet Effective

A number of new standards and interpretations are not yet effective for the year ended 30 June 2014 and have not been applied in preparing these consolidated financial statements. None of these standards are expected to have a significant impact on these financial statement except for:

- IFRS 9 *(2010) Financial Instruments* has been issued. This standard adds the requirements related to the classification and measurement of financial liabilities and derecognition of financial assets and liabilities to the version issued in 2009. It also includes details on how to measure fair value. This standard becomes effective in the Group's 2016 financial statements. The Group does not plan to adopt this standard early and the extent of the impact has not yet been determined.
- A variety of minor improvements to standards have been made in order to clarify various treatments of specific transactions. These are not expected to have an impact on the Group's financial results.

4 Segment Reporting

(a) Operating Segments

The Group has two primary operating divisions: Rural Services (formerly AgriServices) and Seed & Grain (formerly AgriTech). Rural Services is further separated into three reportable segments, as described below, which are that segment's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different skills, technology and marketing strategies. Within each segment, further business unit analysis may be provided to management where there are significant differences in the nature of activities. The Chief Executive Officer or Chairman of the Board reviews internal management reports on each strategic business unit on at least a monthly basis.

- Retail. Includes the Rural Supplies and Fruitfed retail operations, AgNZ (Consulting) and ancillary sales support, supply chain and marketing functions.
- Livestock. Includes rural Livestock trading activities and Export Livestock.
- Other Rural Services. Includes Insurance, Real Estate, Wool, PGG Wrightson Water (formerly Irrigation and Pumping), AgNZ (Training), Regional Admin, Finance Commission and other related activities.
- Seed & Grain. Includes Australasia Seed (New Zealand and Australian manufacturing and distribution of forage seed and turf), Grain (sale of cereal seed and grain trading), South America (various related activities in the developing seeds markets including the sale of pasture and crop seed and farm inputs, together with operations in the areas of livestock, real estate and irrigation), and other Seed & Grain (Agri-feeds, research and development, international, production and corporate seeds).

Other non-segmented amounts relate to certain Corporate activities including Finance, Treasury, HR and other support services including corporate property services and include adjustments for discontinued operations (PGW Rural Capital Limited) and consolidation adjustments.

The profit/(loss) for each business unit combines to form total profit/(loss) for the Rural Services and Seed & Grain segments. Certain other revenues and expenses are held at the Corporate level for the Corporate functions noted above.

Assets allocated to each business unit combine to form total assets for the Rural Services and Seed & Grain business segments. Certain other assets are held at a Corporate level including those for the Corporate functions noted above.

4 Segment Reporting (continued)

(b) Operating Segment Information

	Retail		Livestock		Other Rural Services		Rural Services		Seed & Grain		Total Operating Segments		Other		Total	
	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000
Total segment revenue	485,955	433,411	76,850	98,500	202,822	156,595	765,627	688,506	529,694	486,289	1,295,321	1,174,795	2,253	3,273	1,297,574	1,178,068
Intersegment revenue	-	-	-	-	-	-	-	-	(78,191)	(46,221)	(78,191)	(46,221)	-	-	(78,191)	(46,221)
Total external operating revenues	485,955	433,411	76,850	98,500	202,822	156,595	765,627	688,506	451,503	440,068	1,217,130	1,128,574	2,253	3,273	1,219,383	1,131,847
Operating EBITDA	**25,509**	**23,224**	**13,389**	**12,182**	**14,090**	**9,030**	**52,988**	**44,436**	**33,965**	**26,488**	**86,953**	**70,924**	**(28,206)**	**(25,127)**	**58,747**	**45,797**
Equity earnings of associates	-	-	-	-	-	-	-	-	2,494	1,405	2,494	1,405	27	78	2,521	1,483
Impairment losses on goodwill	-	-	-	(80,000)	-	(22,045)	-	(102,045)	1	(219,098)	1	(321,143)	(1)	-	-	(321,143)
Non operating items	(206)	(74)	171	21	1,062	(1,970)	1,027	(2,023)	3,377	(3,414)	4,404	(5,437)	2,018	(1,697)	6,422	(7,134)
Fair value adjustments	-	-	1,388	(1,739)	-	-	1,388	(1,739)	-	-	1,388	(1,739)	(78)	(140)	1,310	(1,879)
EBITDA	**25,303**	**23,150**	**14,948**	**(69,536)**	**15,152**	**(14,985)**	**55,403**	**(61,371)**	**39,837**	**(194,619)**	**95,240**	**(255,990)**	**(26,240)**	**(26,886)**	**69,000**	**(282,876)**
Depreciation and amortisation	(1,256)	(1,097)	(595)	(645)	(647)	(626)	(2,498)	(2,368)	(3,296)	(3,550)	(5,794)	(5,918)	(5,448)	(1,724)	(11,242)	(7,642)
Results from continuing operating activities	24,047	22,053	14,353	(70,181)	14,505	(15,611)	52,905	(63,739)	36,541	(198,169)	89,446	(261,908)	(31,688)	(28,610)	57,758	(290,518)
Net interest and finance costs	(139)	51	158	(1,026)	(724)	(74)	(705)	(1,049)	(2,894)	(1,305)	(3,599)	(2,354)	(4,327)	(7,020)	(7,926)	(9,374)
Profit/(loss) from continuing operations before income tax	23,908	22,104	14,511	(71,207)	13,781	(15,685)	52,200	(64,788)	33,647	(199,474)	85,847	(264,262)	(36,015)	(35,630)	49,832	(299,892)
Income tax (expense)/income	(6,817)	(6,171)	(4,119)	(2,543)	(3,740)	(4,816)	(14,676)	(13,530)	(9,780)	(6,284)	(24,456)	(19,814)	15,984	14,785	(8,472)	(5,029)
Profit/(loss) from continuing operations	17,091	15,933	10,392	(73,750)	10,041	(20,501)	37,524	(78,318)	23,867	(205,758)	61,391	(284,076)	(20,031)	(20,845)	41,360	(304,921)
Discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	898	(1,584)	898	(1,584)
Profit/(loss) for the year	**17,091**	**15,933**	**10,392**	**(73,750)**	**10,041**	**(20,501)**	**37,524**	**(78,318)**	**23,867**	**(205,758)**	**61,391**	**(284,076)**	**(19,133)**	**(22,429)**	**42,258**	**(306,505)**
Segment assets	104,659	92,451	66,289	58,332	67,326	72,752	238,274	223,535	319,194	309,096	557,468	532,631	74,502	81,866	631,970	614,497
Equity accounted investees	-	-	-	-	-	1,174	-	1,174	1,274	2,972	1,274	4,146	90	64	1,364	4,210
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	1,168	801	1,168	801
Total segment assets	104,659	92,451	66,289	58,332	67,326	73,926	238,274	224,709	320,468	312,068	558,742	536,777	75,760	82,731	634,502	619,508
Segment liabilities	(55,294)	(34,206)	(61,093)	(43,610)	(36,951)	(38,752)	(153,338)	(116,568)	(157,946)	(140,486)	(311,284)	(257,054)	(53,516)	(106,348)	(364,800)	(363,402)
Capital expenditure (incl software)	4,151	775	146	1,039	1,047	361	5,344	2,175	6,796	3,375	12,140	5,550	31,623	2,149	43,763	7,699

4 Segment Reporting (continued)

(b) Operating Segment Information (continued)

The Group operates predominantly in New Zealand with some operations in Australia and South America.

The Australian and South American business units facilitate the export sales and services of New Zealand operations in addition to their own seed trading operations. Inter-segment pricing is determined on an arm's length basis.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of operations. Segment assets are based on the geographical location of the assets.

	Group 2014 $000	Group 2013 $000
Revenue derived from outside the Group		
New Zealand	1,024,303	926,526
Australia	84,200	86,647
South America	110,880	118,674
Total revenue derived from outside the Group	**1,219,383**	**1,131,847**
Non current assets excluding financial instruments and deferred tax		
New Zealand	112,786	98,812
Australia	14,032	16,091
South America	5,465	6,598
Total non current assets excluding financial instruments and deferred tax	**132,283**	**121,501**

5 Operating Revenue

		Continuing operations		Discontinued operations		Total	
Group	Note	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000
Sales		1,063,864	991,198	-	-	1,063,864	991,198
Commissions		106,256	97,839	-	-	106,256	97,839
Construction contract revenue		47,401	40,407	-	-	47,401	40,407
Interest revenue on finance receivables	14	-	-	950	1,991	950	1,991
Debtor interest charges		1,862	2,403	-	-	1,862	2,403
Total operating revenue		**1,219,383**	**1,131,847**	**950**	**1,991**	**1,220,333**	**1,133,838**
Company							
Sales		559,476	485,765	-	-	559,476	485,765
Commissions		74,954	56,020	-	-	74,954	56,020
Construction contract revenue		43,068	39,417	-	-	43,068	39,417
Debtor interest charges		1,520	1,860	-	-	1,520	1,860
Total operating revenue		**679,018**	**583,062**	**-**	**-**	**679,018**	**583,062**

6 Cost of Sales

Cost of Sales includes the following items by nature:	Note	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Depreciation and amortisation		1,238	1,282	-	-
Employee benefits including commissions		32,741	25,258	11,645	7,869
Inventories, finished goods, work in progress, raw materials and consumables	22	843,295	785,497	464,672	409,226
Other		37,193	33,838	25,598	20,345
		914,467	**845,875**	**501,915**	**437,440**

7 Other Income

	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Dividend income	9	586	9	480
Other investment income	276	681	276	495
	285	**1,267**	**285**	**975**

8 Other Operating Expenses

Other operating expenses includes the following items:	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Audit of annual financial statements of the Company - KPMG	278	316	278	316
Audit of annual financial statements of the subsidiaries and associates - KPMG	287	293	-	-
Other non-audit services for accounting opinions paid to KPMG				
- Trust account audit of PGG Wrightson Real Estate Limited	11	11	-	-
- Review of SOX compliance requirements	-	27	-	27
- Review of charging group consolidation for bank syndicate	2	2	2	2
- Review of Agriculture New Zealand Limited for reporting to New Zealand Qualifications Authority	2	2	-	-
Directors' fees	733	862	731	823
Donations	10	8	2	3
Doubtful debts - (decrease)/increase in provision for doubtful debts	(638)	(992)	(654)	(1,940)
Doubtful debts - bad debts written off	728	2,111	624	2,100
Marketing	8,929	8,202	3,443	3,107
Motor vehicle costs	7,792	8,205	5,411	4,954
Rental and operating lease costs	27,477	28,072	19,656	16,263
Other expenses	51,191	52,240	30,312	28,273
	96,802	**99,359**	**59,805**	**53,928**

9 Equity Accounted Associates

Earnings from associates

	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenues	Expenses	Profit / (loss) after tax	PGW Share
30 June 2014										
Continuing										
51% Forage Innovations Limited	1,086	-	1,086	(525)	-	(525)	1,346	(1,181)	165	83
50% Canterbury Sale Yards (1996) Limited	194	3	197	(17)	-	(17)	580	(526)	54	27
50% Fertimas S.A. (formerly Lounay S.A.)	12,689	-	12,689	(10,829)	-	(10,829)	23,337	(22,564)	773	387
Disposed										
50% 4Seasons Feeds Limited	-	-	-	-	-	-	55,192	(51,144)	4,048	2,024
20% Di Santi y Romualdo LTDA	-	-	-	-	-	-	-	-	-	-
50% Gramina Pty Limited	-	-	-	-	-	-	-	-	-	-
	13,969	3	13,972	(11,371)	-	(11,371)	80,455	(75,415)	5,040	**2,521**
30 June 2013										
Continuing										
51% Forage Innovations Limited	1,268	-	1,268	(872)	-	(872)	1,038	(944)	94	48
50% Gramina Pty Limited	34	-	34	(149)	-	(149)	8	(175)	(167)	-
50% Canterbury Sale Yards (1996) Limited	138	5	143	(16)	-	(16)	574	(512)	62	31
50% 4Seasons Feeds Limited	7,279	1,983	9,262	(1,425)	(3,651)	(5,076)	35,217	(33,031)	2,186	1,093
50% Lounay S.A.	11,843	136	11,979	(10,586)	-	(10,586)	21,760	(20,984)	776	691
20% Di Santi y Romualdo LTDA	7,789	115	7,904	(4,730)	-	(4,730)	27,305	(25,694)	1,611	(427)
Disposed										
50% Agritranz Limited	-	-	-	-	-	-	3,540	(3,445)	95	47
50% Kelso Wrightson (2004) Limited	-	-	-	-	-	-	-	-	-	-
	28,351	2,239	30,590	(17,778)	(3,651)	(21,429)	89,442	(84,785)	4,657	**1,483**

Movement in carrying value of equity accounted investees	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Opening balance	4,210	269	-	30
New investments	-	2,567	-	-
Reclassification	-	-	-	(30)
Currency translation	(201)	34	-	
Divestment of associate	(1,663)	(84)	-	-
Share of profit/(loss)	2,521	1,483	-	-
Dividends received	(3,503)	(59)	-	-
Closing balance	**1,364**	**4,210**	**-**	**-**

There is no goodwill included in the carrying value of equity accounted investees (2013: Nil).

On 31 May 2014 the Group sold its 50% investment in the 4Seasons Feeds Limited joint venture company to its partner International Nutritionals Limited. A gain on sale of the investment of $4.65 million has been included in non operating items in the Statement of Comprehensive Income. Associated with the investment sale was the sale of certain intellectual property and fixed assets to 4Seasons Feeds Limited. A gain on sale of these items of $0.20 million has also been included in non operating items in the Statement of Comprehensive Income.

The Group sold its investment in Di Santi y Romualdo LTDA on 27 January 2014. A gain on sale of $0.06 million has been recognised in non operating items in the Statement of Comprehensive Income in respect of this disposal. On 29 January 2014 the Group's Australian associate company Gramina Pty Limited was deregistered.

10 Non Operating Items

	Note	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Capital gains/(losses) on sale of businesses, property plant and equipment		(262)	(3,612)	511	(317)
Sale of investment in 4Seasons Feeds Limited	9	4,848	-	-	-
Bargain gain on acquisition of business	23	1,243	-	1,243	-
Onerous property lease	27	-	(1,764)	-	-
Silver Fern Farms supply contract	27	160	147	160	147
Defined benefit superannuation plan	28	2,174	(833)	2,174	(833)
Management fee from/(to) subsidiaries	36	-	-	17,525	(212,228)
Restructuring		(1,643)	(1,712)	(354)	(945)
Other non operating items		(98)	640	1	-
		6,422	**(7,134)**	**21,260**	**(214,176)**
Impairment losses on goodwill	25	-	(321,143)	-	(91,323)
		6,422	**(328,277)**	**21,260**	**(305,499)**

11 Fair Value Adjustments

	Note	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Continuing Operations					
Assets held for sale	20	(78)	(140)	(78)	(140)
Biological assets	21	1,388	(1,739)	1,388	(1,739)
		1,310	**(1,879)**	**1,310**	**(1,879)**

12 Interest - Finance Income and Expense

	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Finance income contains the following items:				
Other interest income	1,328	214	1,293	315
Finance income	1,328	214	1,293	315
Interest funding contains the following items:				
Interest on interest rate swaps	(59)	(280)	(59)	(280)
Interest on bank loans and overdrafts	(5,091)	(5,537)	(2,460)	(4,390)
Bank facility fees	(2,440)	(4,240)	(2,844)	(3,444)
Interest funding expense	(7,590)	(10,057)	(5,363)	(8,114)
Foreign exchange contains the following items:				
Net gain/(loss) on foreign denominated items	(4,890)	3,741	(46)	(14)
Derivatives not in qualifying hedge relationships	3,226	(3,272)	(246)	(52)
Foreign exchange income/(expense)	(1,664)	469	(292)	(66)
Net interest and finance costs	**(7,926)**	**(9,374)**	**(4,362)**	**(7,865)**

13 Income Taxes

	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Current tax expense				
Current year	(15,945)	(5,584)	(3,625)	-
Adjustments for prior years	4,425	3,833	4,087	1,739
	(11,520)	(1,751)	462	1,739
Deferred tax expense				
Origination and reversal of temporary differences	1,749	(4,477)	1,051	(1,616)
Effect of change in tax rates	-	-	-	-
Adjustments for prior years	1,299	1,199	1,339	3,837
	3,048	(3,278)	2,390	2,221
Income tax (expense)/income	**(8,472)**	**(5,029)**	**2,852**	**3,960**
Profit/(loss) for the year	42,258	(306,505)	31,434	(305,830)
Income tax (expense)/income	(8,472)	(5,029)	2,852	3,960
Tax on discontinued operations	(350)	616	-	-
Profit/(loss) excluding income tax	**51,080**	**(302,092)**	**28,582**	**(309,790)**

	Group 2014 %	Group 2014 $000	Group 2013 %	Group 2013 $000	Company 2014 %	Company 2014 $000	Company 2013 %	Company 2013 $000
Income tax using the Company's domestic tax rate	28.0%	(14,302)	28.0%	84,586	28.0%	(8,003)	28.0%	86,741
Effect of tax rates in foreign jurisdictions	2.4%	(1,225)	0.5%	1,519	0.0%	-	0.0%	-
Non-deductible expenses	-3.1%	1,604	-30.2%	(91,323)	-17.8%	5,099	-10.6%	(32,717)
Taxable income included in other comprehensive income	0.5%	(269)	0.0%	-	0.0%	-	0.0%	-
Taxable dividends from equity accounted associates	2.7%	(1,362)	0.0%	-	0.0%	-	0.0%	-
Imputation credits received on taxable dividends from equity accounted associates	-2.7%	1,362	0.0%	-	0.0%	-	0.0%	-
Tax effect of discontinued operations	0.7%	(350)	-0.2%	(616)	0.0%	-	0.0%	-
Tax exempt income	-4.6%	2,352	0.4%	1,354	-1.2%	330	0.0%	(4)
Under/(over) provided in prior years	-11.2%	5,724	1.7%	5,032	-19.0%	5,426	1.8%	5,576
Group loss offsets	0.0%	-	0.0%	-	0.0%	-	-18.0%	(55,636)
Derecognition of carried forward tax losses and current year tax losses not recognised	3.9%	(2,006)	-1.8%	(5,581)	0.0%	-	0.0%	-
	16.6%	**(8,472)**	-1.7%	**(5,029)**	-10.0%	**2,852**	1.3%	**3,960**

	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Income tax recognised directly in equity				
Income tax on changes in fair value of cash flow hedges	(269)	-	-	-
Deferred tax on movement of actuarial gains/losses on employee benefit plans	(1,433)	(1,758)	(1,433)	(1,758)
Total income tax recognised directly in equity	**(1,702)**	**(1,758)**	**(1,433)**	**(1,758)**

The Group and Company have $5.19 million imputation credits as at 30 June 2014 (2013: $1.27 million). This balance includes the third provisional tax instalment made on 28 July 2014 in respect of the year ended 30 June 2014.

13 Income Taxes (continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2014 $000	Assets 2013 $000	Liabilities 2014 $000	Liabilities 2013 $000	Net 2014 $000	Net 2013 $000
Group						
Property, plant and equipment	-	-	(7,005)	(7,903)	(7,005)	(7,903)
Intangible assets	-	-	(112)	(1,605)	(112)	(1,605)
Provisions	18,136	18,023	-	-	18,136	18,023
Other items	479	907	(461)	-	18	907
Tax (asset)/liability	**18,615**	**18,930**	**(7,578)**	**(9,508)**	**11,037**	**9,422**
Company						
Property, plant and equipment	-	-	(6,123)	(6,529)	(6,123)	(6,529)
Intangible assets	-	-	(34)	(1,592)	(34)	(1,592)
Provisions	11,222	12,004	-	-	11,222	12,004
Tax (asset)/liability	**11,222**	**12,004**	**(6,157)**	**(8,121)**	**5,065**	**3,883**

Movement in deferred tax on temporary differences during the year	Balance 1 Jul 2012 $000	Recognised in profit or loss $000	Recognised in other comprehensive income $000	Balance 30 Jun 2013 $000	Recognised in profit or loss $000	Recognised in other comprehensive income $000	Amalgamation of subsidiaries $000	Balance 30 Jun 2014 $000
Group								
Property, plant and equipment	(3,566)	(4,337)	-	(7,903)	898	-	-	(7,005)
Intangible assets	(1,720)	115	-	(1,605)	1,493	-	-	(112)
Employee benefits	7,825	4,421	(1,758)	10,488	453	(1,433)	-	9,508
Provisions	7,291	244	-	7,535	1,093	-	-	8,628
Other items	4,628	(3,721)	-	907	(889)	-	-	18
	14,458	(3,278)	(1,758)	**9,422**	3,048	(1,433)		**11,037**
Company								
Property, plant and equipment	(2,037)	(4,492)	-	(6,529)	(192)	-	598	(6,123)
Intangible assets	(1,719)	127	-	(1,592)	1,558	-	-	(34)
Employee benefits	6,618	4,671	(1,758)	9,531	1,068	(1,433)	(373)	8,793
Provisions	558	1,915	-	2,473	(44)	-	-	2,429
Other items	-	-	-	-	-	-	-	-
	3,420	2,221	(1,758)	**3,883**	2,390	(1,433)	225	**5,065**

Unrecognised tax losses / Unrecognised temporary differences

The Group has unrecognised deferred tax assets of $7.81 million as at 30 June 2014 (2013: $5.58 million) and does not have any unrecognised temporary differences (2013: Nil). These unrecognised tax assets largely relate to carried forward and current year losses in Australian operations of the Group. The Company does not have any unrecognised tax losses or unrecognised temporary differences (2013: Nil).

14 Discontinued Operations

On 31 August 2011 the Group sold its finance subsidiary PGG Wrightson Finance Limited (PWF) to Heartland New Zealand Limited's wholly-owned subsidiary Heartland Building Society (Heartland).

In connection with the PWF sale transaction the Group transferred certain excluded loans to its wholly owned subsidiary, PGW Rural Capital Limited (PGWRC), which has worked to realise or refinance these facilities over the short to medium term. In addition certain PWF loans sold to Heartland were guaranteed by the Group with any loans put to it or called by the Group transferred to PGWRC. As at 30 June 2014 loans for four clients remain in PGWRC (including guaranteed loans transferred to PGWRC by Heartland). As at 30 June 2014 there were no remaining guaranteed loans held by Heartland. The operations of PGWRC are treated as discontinued and are included within this note.

In the year ended 30 June 2014 PGWRC contributed a profit after tax of $0.90 million (2013: loss after tax of $1.58 million)

Profits attributable to the discontinued operation were as follows:	Note	Group 2014 $000	Group 2013 $000
Results of discontinued operations			
Revenue	5	950	1,991
Expenses		298	(4,191)
		1,248	(2,200)
Fair value adjustments		-	-
Results from operating activities		1,248	(2,200)
Income tax expense		(350)	616
Results from operating activities, net of income tax		898	(1,584)
Profit/(loss) for the year		**898**	**(1,584)**
Basic and diluted earnings per share (New Zealand dollars) *(refer to Note 15 for weighted average number of shares)*		0.001	(0.002)
Cash flows from discontinued operations			
Net cash from operating activities		9,156	11,383
Net cash from/(used in) discontinued operation		9,156	11,383

15 Earnings Per Share and Net Tangible Assets

Basic earnings per share

The calculation of basic earnings per share at 30 June 2014 was based on the profit/(loss) attributable to ordinary shareholders of $42,258,000 (2013:($306,505,000)) by the weighted average number of shares, 754,848,774 (2013: 754,848,774) on issue. There are no dilutive shares or options (2013: Nil).

Number of shares	Group 2014 000	Group 2013 000
Weighted average number of ordinary shares for earnings per share calculation	754,849	754,849
Number of ordinary shares at year end	754,849	754,849

Net Tangible Assets	Group 2014 $000	Group 2013 $000
Total assets	634,502	619,508
Total liabilities	(364,800)	(363,402)
less intangible assets	(5,684)	(6,715)
less deferred tax	(11,037)	(9,422)
	252,981	**239,968**

	Group 2014 $	Group 2013 $
Net tangible assets per security at year end	0.335	0.318
Earnings per share	0.056	(0.406)

16 Cash and Bank Facilities

	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Cash and cash equivalents	11,343	5,845	6,059	326
Bank overdraft	-	(12,463)	-	(9,514)
Current bank facilities	(35,573)	(35,239)	-	-
Term bank facilities	(65,000)	(62,000)	(65,000)	(62,000)
	(89,230)	**(103,857)**	**(58,941)**	**(71,188)**

The Company entered into a new syndicated facility agreement on 20 December 2013. This agreement currently provides bank facilities of up to $176.00 million. The Company has granted a general security deed and mortgage over all its wholly-owned New Zealand and Australian assets to a security trust. These assets include the shares held in South American subsidiaries and associates. ANZ Bank New Zealand Limited acts as security trustee for the banking syndicate (ANZ Bank New Zealand Limited, Bank of New Zealand Limited and Westpac New Zealand Limited).

The Company bank facilities include:

- Term debt facilities of $116.00 million maturing on 1 August 2016.
- A working capital facility of up to $60.00 million maturing on 1 August 2016.

The syndicated facility agreement also allows the Group, subject to certain conditions, to enter into additional facilities outside of the Company syndicated facility. The additional facilities are guaranteed by the security trust. These facilities amounted to $25.27 million as at 30 June 2014 including:

- Overdraft facilities of $9.58 million.
- Guarantee and trade finance facilities of $6.55 million.
- Standby letters of credit of $9.14 million in respect of the current Uruguayan bank facilities outlined below.

The Group also had current Uruguayan bank facilities amounting to $29.85 million as at 30 June 2014 which are secured in part by the standby letters of credit outlined above.

17 Derivative Financial Instruments

	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Derivative assets held for risk management				
Current	2,556	662	32	279
Non-current	369	3	-	-
	2,925	665	32	279
Derivative liabilities held for risk management				
Current	(887)	(2,451)	(376)	(429)
Non-current	(5)	(623)	-	-
	(892)	(3,074)	(376)	(429)
Net derivatives held for risk management	**2,033**	**(2,409)**	**(344)**	**(150)**

Cash flow hedges of interest rate risk

The Company uses interest rate swaps to hedge its exposure to changes in the market rates of variable and fixed interest rates.

Other derivatives held for risk management

The Company also uses forward exchange contracts, spot foreign exchange contracts and foreign exchange options to manage its exposure to foreign currency fluctuations.

18 Trade and Other Receivables

	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Accounts receivable	224,284	204,755	116,656	87,520
Less provision for doubtful debts	(5,537)	(5,742)	(3,813)	(3,848)
Net accounts receivable	218,747	199,013	112,843	83,672
Other receivables and prepayments	14,925	15,607	7,610	9,839
Amounts owing from subsidiaries	-	-	44,844	99,696
Trade receivables due from related parties	2,857	3,201	1,938	1,938
	236,529	**217,821**	**167,235**	**195,145**
Analysis of movements in provision for doubtful debts				
Balance at beginning of year	(5,742)	(8,720)	(3,848)	(6,791)
Movement in provision	205	2,978	35	2,943
Balance at end of year	**(5,537)**	**(5,742)**	**(3,813)**	**(3,848)**

The aging status of the accounts receivable at the reporting date is as follows:

	Group Not impaired 2014 $000	Group Impaired 2014 $000	Group Not impaired 2013 $000	Group Impaired 2013 $000	Company Not impaired 2014 $000	Company Impaired 2014 $000	Company Not impaired 2013 $000	Company Impaired 2013 $000
Not past due	189,964	-	166,709	-	105,842	-	72,647	-
Past due 1 - 30 days	20,729	448	21,816	357	6,665	448	9,074	357
Past due 31 - 60 days	4,147	534	6,499	1,391	336	534	1,951	178
Past due 61 - 90 days	3,907	1,492	3,478	3,483	-	391	-	553
Past due 90 plus days	-	3,063	511	511	-	2,440	-	2,760
Impairment	-	(5,537)	-	(5,742)	-	(3,813)	-	(3,848)
	218,747	**-**	**199,013**	**-**	**112,843**	**-**	**83,672**	**-**

19 Finance Receivables

As part of the sale of the Group's finance subsidiary PGG Wrightson Finance Limited (PWF) to Heartland Building Society (Heartland), certain excluded loans were acquired by the Group's wholly owned subsidiary PGW Rural Capital Limited. In addition certain PWF loans sold to Heartland were guaranteed by the Group. Loans put to or called by the Group under the guarantee have been transferred to PGW Rural Capital Limited and are included within this note. As at 30 June 2014 there were no remaining guaranteed loans held by Heartland. All past due finance receivables are impaired.

	Group 2014 $000	Group 2013 $000
Finance receivables - less than one year	15,211	22,348
Finance receivables - greater than one year	-	-
	15,211	22,348
Less provision for doubtful debts	(11,650)	(10,871)
	3,561	**11,477**
Impairment:		
Balance at the beginning of the period	(10,871)	(18,246)
Impairment (losses)/recoveries recognised in the income statement	298	(4,103)
Interest charged on impaired accounts	(1,244)	(2,286)
Amounts written off in the income statement	167	13,764
Amounts written off not previously provided for	-	-
Movement in specific provision and bad debts written off	**(11,650)**	**(10,871)**

The status of the receivables at the reporting date is as follows:	Group Not impaired 2014 $000	Group Impaired 2014 $000	Group Not impaired 2013 $000	Group Impaired 2013 $000
Past due more than 1 year	-	15,211	-	22,348
Impairment	-	(11,650)	-	(10,871)
	-	**3,561**	**-**	**11,477**

Asset Quality - Finance Loans and Receivables	Group 2014 $000	Group 2013 $000
Neither past due or impaired	-	-
Individually impaired loans	15,211	22,348
Past due loans	-	-
Provision for credit impairment	(11,650)	(10,871)
Total carrying amount	**3,561**	**11,477**
90 Day Plus Past Due Assets (includes impaired assets)		
Balance at the beginning of the year	22,348	47,494
Additions	2,338	15,567
Reduction	(9,475)	(40,713)
Balance at the end of the year	**15,211**	**22,348**
Impaired Assets		
Balance at the beginning of the year	22,348	47,494
Acquired impaired assets	-	10,979
Additions to individually impaired assets	2,338	4,588
Amounts written off	(167)	(13,764)
Repayments	(9,308)	(26,949)
Balance at the end of the year	**15,211**	**22,348**
Provision for credit impairment	(11,650)	(10,871)
Net carrying amount of impaired assets	**3,561**	**11,477**

20 Assets Held for Sale

Properties

The Group currently has eight properties classed as held for sale. The properties are on the market and are held at market value (Note 11).

A total impairment loss of $0.08 million (2013: $0.14 million) on the re-measurement of the disposal groups to the lower of their carrying amount and fair value less costs to sell has been recognised in fair value adjustments in the Statement of Comprehensive Income.

Assets classified as held for sale	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Property, plant and equipment	1,168	801	1,157	801
	1,168	**801**	**1,157**	**801**

21 Biological Assets

	Note	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Livestock					
Opening balance		4,380	20,858	4,380	20,858
Increase due to acquisitions		13,022	15,390	13,022	15,390
Decrease due to sales		(12,444)	(30,076)	(12,444)	(30,076)
Net decrease due to births, deaths and category changes		(2)	(53)	(2)	(53)
Changes in fair value	11	1,388	(1,739)	1,388	(1,739)
Closing balance		**6,344**	**4,380**	**6,344**	**4,380**
Current		6,198	4,233	6,198	4,233
Non-current breeding stock		146	147	146	147
		6,344	**4,380**	**6,344**	**4,380**

A fair value movement of $1.39 million was recorded in the Statement of Comprehensive Income in respect of biological assets (2013: fair value movement of $1.74 million). Biological assets are classified as level 2 in the fair value hierarchy.

As at 30 June 2014, livestock held for sale comprised 4,235 cattle, 16,332 sheep and 151 other (consisting of bulls) (2013: 3,099 cattle, 9,453 sheep and 165 other (consisting of bulls and deer)). During the year the Group sold 6,281 cattle, 46,619 sheep and 78 other (2013: 14,560 cattle, 106,330 sheep and 91 other).

22 Inventory

	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Merchandise/finished goods	231,922	244,109	49,702	48,389
Work in progress	3,744	6,047	-	2,627
Less provision for inventory write down	(6,208)	(6,506)	(1,831)	(1,354)
	229,458	**243,650**	**47,871**	**49,662**

During the year ended 30 June 2014, finished goods, work in progress, raw materials and consumables included in cost of sales in the Statement of Comprehensive Income amounted to $843.29 million (Group), $464.67 million (Company) (2013: $785.50 million (Group), $409.23 million (Company)) (see Note 6).

During the year ended 30 June 2014 inventories written down to net realisable value amounted to $5.01 million (Group), $0.81 million (Company) (2013: $4.45 million (Group), $2.15 million (Company)). The write-downs are included in cost of sales in the Statement of Comprehensive Income. Consideration is given to factors such as age, germination levels and quality when assessing the net realisable value of seeds inventory.

23 Group entities

Significant Subsidiaries	Country of Incorporation	Direct Parent	Ownership interest 2014 %	Ownership interest 2013 %
PGW AgriTech Holdings Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW Rural Capital Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Employee Benefits Plan Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Real Estate Limited	New Zealand	PGG Wrightson Limited	100%	100%
Agriculture New Zealand Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW Corporate Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Wool Limited (amalgamated into PGG Wrightson Limited on 24 July 2013)	New Zealand	PGG Wrightson Limited	N/A	100%
AgriServices South America Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW AgriServices Australia Pty Limited	Australia	PGG Wrightson Limited	100%	100%
PGG Wrightson Investments Limited	New Zealand	PGG Wrightson Limited	100%	100%
Bloch & Behrens Wool (NZ) Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW Agritrade Limited (formerly Agri-feeds Limited)	New Zealand	PGG Wrightson Limited	100%	100%
Ag Property Holdings Limited	New Zealand	PGG Wrightson Investments Limited	100%	N/A
PGW AgriTech New Zealand Limited	New Zealand	PGW AgriTech Holdings Limited	100%	100%
AgriTech South America Limited	New Zealand	PGW AgriTech Holdings Limited	100%	100%
PGW AgriTech Australia Pty Limited	Australia	PGW AgriTech Holdings Limited	100%	100%
PGG Wrightson Seeds Limited	New Zealand	PGW AgriTech New Zealand Limited	100%	100%
PGG Wrightson Consortia Research Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
Grasslands Innovation Limited	New Zealand	PGG Wrightson Seeds Limited	70%	70%
Agricom Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
PGG Wrightson Genomics Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
Wrightson Seeds Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
New Zealand Wool Handlers Limited (amalgamated into PGG Wrightson Limited on 24 July 2013)	New Zealand	PGG Wrightson Wool Limited	N/A	100%
PGG Wrightson Employee Benefits Plan Limited	New Zealand	PGG Wrightson Employee Benefits Plan Trustee Limited	100%	100%
PGG Wrightson Seeds (Australia) Pty Limited	Australia	PGW AgriTech Australia Pty Limited	100%	100%
Agricom Australia Seeds Pty Limited	Australia	PGW AgriTech Australia Pty Limited	100%	100%
AGR Seeds Pty Limited (formerly Agricom Australia Pty Limited)	Australia	PGW AgriTech Australia Pty Limited	100%	100%
AW Seeds Pty Limited (formerly AusWest Seeds Pty Limited)	Australia	PGG Wrightson Seeds (Australia) Pty Limited	100%	100%
SP Seeds Pty Limited (formerly Stephen Pasture Seeds Pty Limited)	Australia	AW Seeds Pty Limited	100%	100%
PGW AgriTech South America S.A.	Uruguay	AgriTech South America Limited	100%	100%
Wrightson Pas S.A.	Uruguay	AgriTech South America Limited	100%	100%
Juzay S.A.	Uruguay	PGW AgriTech South America S.A.	100%	100%
Agrosan S.A.	Uruguay	PGW AgriTech South America S.A.	100%	100%
Alfalfares S.R.L.	Argentina	PGW AgriTech South America S.A.	100%	100%
NZ Ruralco Participacoes Ltda	Brazil	PGW AgriTech South America S.A.	100%	100%
PGG Wrightson Uruguay Limited	Uruguay	Juzay S.A.	100%	100%
Hunker S.A. (t/a Rural Centre)	Uruguay	Juzay S.A.	100%	100%
Lanelle S.A. (t/a Riegoriental)	Uruguay	Juzay S.A.	100%	70%
Afinlux S.A. (t/a Romualdo Rodriguez)	Uruguay	Juzay S.A.	51%	51%
Kroslyn S.A. Limited	Uruguay	Agrosan S.A.	100%	100%
Escritorio Romualdo Rodriguez Ltda	Uruguay	Afinlux S.A.	100%	100%

Acquisition and disposal of Subsidiaries and Businesses

During the year ended 30 June 2014, the Group made the following acquisitions and disposals:

- On 24 July 2013 the wholly owned Group entities PGG Wrightson Wool Limited and New Zealand Wool Handlers Limited were amalgamated into PGG Wrightson Limited.
- During the period the Group acquired the remaining 30% interest in Lanelle S.A. resulting in this entity now being fully consolidated into the Group.
- On 22 June 2014, the Group acquired the shares in Ag Property Holdings Limited (Ag Property) that owns a number of properties previously leased by the Group. These properties include retail stores, seed processing sites and livestock saleyards located across New Zealand.

23 Group entities (continued)

Acquisition and disposal of Subsidiaries and Businesses (continued)

On 25 October 2013, the Group acquired the assets and businesses of Water Dynamics and Aquaspec from Pentair Flow Control Pacific Pty Limited (Pentair) for a purchase consideration of $6.38 million. The fair value of assets and liabilities acquired amounted to $7.62 million, resulting in a gain upon acquisition of $1.24 million which is included in non operating items in the Statement of Comprehensive Income. The operations of Water Dynamics and Aquaspec cover the sale and installation of irrigators and related water management componentry. In the year to 30 June 2014 Water Dynamics and Aquaspec contributed a profit of $1.08 million.

If the significant acquisition of Water Dynamics and Aquaspec had occurred on 1 July 2013, the estimated Group revenue would have been $6.12 million higher and profit would have been $0.17 million higher for the year to 30 June 2014.

The Water Dynamics and Aquaspec acquisition had the following effect on the asset and liabilities of the Group at the acquisition date:

	Group / Company 2014 $000 Pre-acquisition carrying amounts	Group / Company 2014 $000 Fair value adjustments	Group / Company 2014 $000 Recognised values on acquisition
Trade debtors	2,454	(140)	2,314
Work in progress	3,879	(388)	3,491
Inventory	2,281	66	2,347
Property plant and equipment	171	-	171
Employee benefits	(253)	-	(253)
Trade creditors and accruals	(529)	79	(450)
	8,003	(383)	7,620
Discount on acquisition			(1,243)
Net cash outflow			**6,377**

The Group incurred acquisition-related costs of $0.36 million in respect of the Water Dynamics and Aquaspec acquisition. These acquisitions costs are disclosed in other operating expenses in the Statement of Comprehensive Income.

24 Other Investments

	Note	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
BioPacificVentures	34	9,282	9,987	-	-
Heartland New Zealand Limited		-	11,067	-	11,067
Sundry other investments including saleyards		1,365	1,479	501	476
Advances to associates		-	1,462	-	16
		10,647	**23,995**	**501**	**11,559**

The Group sold its investment in Heartland New Zealand Limited on 29 August 2013. A fair value movement of $0.14 million was recorded in other comprehensive income in the period from 1 July 2013 until sale. The cumulative fair value gain of $3.47 million, held in the fair value reserve in equity in respect of this investment, has been reclassified to retained earnings following the sale of this investment. Investment disposal costs of $0.03 million have been recognised in respect to the sale. Prior to its sale the investment was classified as level 1 in the financial instruments note (Note 31).

A fair value loss of $0.98 million was recorded in other comprehensive income for the BioPacificVentures investment in the year ended 30 June 2014 (2013: fair value loss of $1.10 million). The investment is classified as level 3 in the financial instruments note (Note 31). During the year ended 30 June 2014 the Group invested an additional $0.28 million as part of its investment commitment.

Saleyards investments, which do not have a market price in an active market and whose fair value can not be reliably determined, are carried at cost.

25 Intangible Assets

	Group Software $000	Group Trademarks & Patents $000	Group Goodwill $000	Group Total $000	Company Software $000	Company Trademarks & Patents $000	Company Goodwill $000	Company Total $000
Cost								
Balance at 1 July 2012	14,996	1,025	347,192	363,213	10,581	-	112,246	122,827
Additions	990	-	-	990	844	-	-	844
Disposals and reclassifications	(12)	(8)	(4,750)	(4,770)	(61)	-	-	(61)
Effect of movement in exchange rates	(79)	-	206	127	-	-	-	-
Balance at 30 June 2013	**15,895**	**1,017**	**342,648**	**359,560**	**11,364**	**-**	**112,246**	**123,610**
Balance at 1 July 2013	15,895	1,017	342,648	359,560	11,364	-	112,246	123,610
Additions	4,241	23	-	4,264	4,179	-	-	4,179
Added as part of a business combination	-	-	-	-	33	-	-	33
Disposals and reclassifications	(1,971)	-	(342,648)	(344,619)	(1,757)	-	(112,246)	(114,003)
Effect of movement in exchange rates	(40)	-	-	(40)	-	-	-	-
Balance at 30 June 2014	**18,125**	**1,040**	**-**	**19,165**	**13,819**	**-**	**-**	**13,819**
Amortisation and impairment losses								
Balance at 1 July 2012	8,208	575	21,505	30,288	4,441	-	20,923	25,364
Amortisation for the year	1,432	-	-	1,432	1,244	-	-	1,244
Disposals and reclassifications	(18)	-	-	(18)	(9)	-	-	(9)
Impairment losses on goodwill	-	-	321,143	321,143	-	-	91,323	91,323
Balance at 30 June 2013	**9,622**	**575**	**342,648**	**352,845**	**5,676**	**-**	**112,246**	**117,922**
Balance at 1 July 2013	9,622	575	342,648	352,845	5,676	-	112,246	117,922
Amortisation for the year	5,203	9	-	5,212	5,052	-	-	5,052
Added as part of a business combination	-	-	-	-	23	-	-	23
Disposals and reclassifications	(1,909)	-	(342,648)	(344,557)	(1,756)	-	(112,246)	(114,002)
Effect of movement in exchange rates	(19)	-	-	(19)	-	-	-	-
Balance at 30 June 2014	**12,897**	**584**	**-**	**13,481**	**8,995**	**-**	**-**	**8,995**
Carrying amounts								
At 1 July 2012	**6,788**	**450**	**325,687**	**332,925**	**6,140**	**-**	**91,323**	**97,463**
At 30 June 2013	**6,273**	**442**	**-**	**6,715**	**5,688**	**-**	**-**	**5,688**
At 1 July 2013	**6,273**	**442**	**-**	**6,715**	**5,688**	**-**	**-**	**5,688**
At 30 June 2014	**5,228**	**456**	**-**	**5,684**	**4,824**	**-**	**-**	**4,824**

26 Property, Plant and Equipment

	Group Land $000	Group Buildings $000	Group Plant and equipment $000	Group Capital works project $000	Group Total $000	Company Land $000	Company Buildings $000	Company Plant and equipment $000	Company Capital works project $000	Company Total $000
Cost										
Balance at 1 July 2012	13,864	22,324	88,338	1,369	125,895	12,238	16,605	21,939	1,258	52,040
Additions	-	122	5,501	1,086	6,709	-	12	2,291	1,083	3,386
Disposals and transfers to other asset classes	409	5,245	(3,921)	-	1,733	(123)	(1,140)	(247)	-	(1,510)
Effect of movements in exchange rates	(39)	(210)	(1,614)	(3)	(1,866)	-	-	-	-	-
Balance at 30 June 2013	**14,234**	**27,481**	**88,304**	**2,452**	**132,471**	**12,115**	**15,477**	**23,983**	**2,341**	**53,916**
Balance at 1 July 2013	14,234	27,481	88,304	2,452	132,471	12,115	15,477	23,983	2,341	53,916
Additions	12,794	21,073	7,009	(1,525)	39,351	-	1,346	2,888	(1,542)	2,692
Added as part of a business combination/amalgamation	-	-	171	-	171	-	4,000	3,902	-	7,902
Disposals and transfers to other asset classes	(243)	(1,754)	(2,244)	-	(4,241)	(244)	(1,544)	(528)	-	(2,316)
Effect of movements in exchange rates	(72)	(455)	(2,349)	-	(2,876)	-	-	-	-	-
Balance at 30 June 2014	**26,713**	**46,345**	**90,891**	**927**	**164,876**	**11,871**	**19,279**	**30,245**	**799**	**62,194**
Depreciation and impairment losses										
Balance at 1 July 2012	-	3,648	36,384	-	40,032	-	2,307	13,234	-	15,541
Depreciation for the year	-	586	5,624	-	6,210	-	330	2,010	-	2,340
Depreciation recovered to COGS	-	-	1,282	-	1,282	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-
Disposals and transfers to other asset classes	-	(326)	(621)	-	(947)	-	(326)	(120)	-	(446)
Effect of movements in exchange rates	-	(34)	(507)	-	(541)	-	-	-	-	-
Balance at 30 June 2013	**-**	**3,874**	**42,162**	**-**	**46,036**	**-**	**2,311**	**15,124**	**-**	**17,435**
Balance at 1 July 2013	-	3,874	42,162	-	46,036	-	2,311	15,124	-	17,435
Depreciation for the year	-	640	5,390	-	6,030	-	409	2,384	-	2,793
Depreciation recovered to COGS	-	-	1,238	-	1,238	-	-	-	-	-
Additions	-	175	668	-	843	-	-	-	-	-
Added as part of a business combination/amalgamation	-	-	-	-	-	-	7	796	-	803
Disposals and transfers to other asset classes	-	(206)	(2,438)	-	(2,644)	-	(161)	(1,328)	-	(1,489)
Effect of movements in exchange rates	-	(121)	(948)	-	(1,069)	-	-	-	-	-
Balance at 30 June 2014	**-**	**4,362**	**46,072**	**-**	**50,434**	**-**	**2,566**	**16,976**	**-**	**19,542**
Carrying amounts										
At 1 July 2012	**13,864**	**18,676**	**51,954**	**1,369**	**85,863**	**12,238**	**14,298**	**8,705**	**1,258**	**36,499**
At 30 June 2013	**14,234**	**23,607**	**46,142**	**2,452**	**86,435**	**12,115**	**13,166**	**8,859**	**2,341**	**36,481**
At 1 July 2013	**14,234**	**23,607**	**46,142**	**2,452**	**86,435**	**12,115**	**13,166**	**8,859**	**2,341**	**36,481**
At 30 June 2014	**26,713**	**41,983**	**44,819**	**927**	**114,442**	**11,871**	**16,713**	**13,269**	**799**	**42,652**

Property, plant and equipment under construction

During the year ended 30 June 2014 the Group completed property projects in Ashburton, Culverden and Rangiora.

27 Trade and Other Payables

	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Trade creditors	149,718	140,189	75,711	6,243
Loyalty reward programme	1,527	1,253	1,527	1,253
Deposits received in advance	811	463	135	-
Provisions	2,628	2,956	2,628	1,192
Accruals and other liabilities	71,215	69,036	42,975	95,047
Employee entitlements	20,837	15,910	16,909	11,111
Amounts owing to subsidiaries	-	-	23,525	76,254
	246,736	**229,807**	**163,410**	**191,100**
Payable within 12 months	240,127	222,723	161,133	188,577
Payable beyond 12 months	6,609	7,084	2,277	2,523
	246,736	**229,807**	**163,410**	**191,100**

Provisions

Silver Fern Farms supply contract

In 2009 the Company entered into a supply contract with Silver Fern Farms Limited. The contract term expires in September 2019. The Company booked a provision in June 2011 which represented the anticipated excess of costs to be borne under the contract over anticipated returns. The Directors have reconsidered this provision as at 30 June 2014 in respect of the level of supply and current livestock market trends and consider that it is appropriate to hold a provision of approximately $1.03 million. This provision represents the Directors best estimate of the expected excess of costs over returns for the remaining term of the contract. See also contingent liabilities commentary in Note 35.

	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Balance as at 1 July	1,192	1,339	1,192	1,339
Payment made under contract	-	-	-	-
Assessment of provision	(160)	(147)	(160)	(147)
Balance as at 30 June	**1,032**	**1,192**	**1,032**	**1,192**

Onerous lease

The Group exited a property, in respect of the Wool business, on 30 June 2013 with a lease that expires in August 2018. This lease is considered onerous and the provision represents the Directors best estimate of the expected excess of costs over returns for the remaining term of the lease contract.

	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Balance as at 1 July	1,764	-	-	-
Amalgamation of subsidiary	-	-	1,764	-
Assessment of provision	(168)	1,764	(168)	-
Balance as at 30 June	**1,596**	**1,764**	**1,596**	**-**

Loyalty reward programme

The PGG Wrightson Loyalty Reward Programme is run in conjunction with the co-branded ASB Visa reward card. A provision is retained for the expected level of points redemption.

	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Balance as at 1 July	1,253	1,405	1,253	1,405
Additional provision made	1,141	962	1,141	962
Amount utilised	(867)	(1,114)	(867)	(1,114)
Balance as at 30 June	**1,527**	**1,253**	**1,527**	**1,253**

28 Defined Benefit Asset / Liability

	Group / Company 2014 $000	Group / Company 2013 $000
Present value of funded obligations	(68,330)	(72,765)
Fair value of plan assets	54,802	51,946
Total defined benefit asset / (liability)	**(13,528)**	**(20,819)**

The Group makes contributions to two defined benefit plans that provide a range of superannuation and insurance benefits for employees and former employees. The two defined benefit plans are open by invitation, however the Group has not invited new members to the schemes since June 1995 and November 2000 respectively. The Group does not intend to invite new members to the scheme. The plan's retired employees are entitled to receive an annual pension payment payable on their life and in some cases on the life of a surviving spouse.

Group / Company	PGG Wrightson Employment Benefits Plan		Wrightson Retirement Plan	
Plan assets consist of:	2014	2013	2014	2013
Equities	72%	65%	72%	67%
Fixed interest	24%	32%	24%	31%
Cash	4%	3%	4%	2%
	100%	100%	100%	100%

Plan assets included exposure to the Company's ordinary shares of $1.64 million (2013: $1.16 million).

Actuarial Assumptions:	PGG Wrightson Employment Benefits Plan		Wrightson Retirement Plan	
Principal actuarial assumptions at the reporting date (expressed as weighted averages):	2014	2013	2014	2013
Discount rate used (10 year New Zealand Government Bond rate)	4.42%	4.03%	4.42%	4.03%
Future salary increases	3.00%	3.00%	0.00%	3.00%
Future pension increases	2.00%	2.50%	1.40%	2.50%

The IFRS Interpretations Committee has provided clarification with regards to IAS 19 *Employee Benefits* (2011) as to whether the discount rate used to calculate a defined benefit liability should be pre-tax or post tax. The Committee observed that a pre-tax discount rate should be applied. Historically, the Group's actuarial calculations used a post tax discount rate. In calculating the Group's defined benefit liability as at 30 June 2014 a pre-tax rate has been used. The impact of this change was a reduction in the net liability of $3.09 million. No change have been made to the comparative period.

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

	PGG Wrightson Employment Benefits Plan Years		Wrightson Retirement Plan Years	
Longevity at age 65 for current pensioners	2014	2013	2014	2013
Males	21	21	21	21
Females	24	24	24	24
Longevity at age 65 for current members aged 45				
Males	24	24	24	24
Females	27	27	27	27

As at 30 June 2014 the weighted average duration of the defined benefit obligation was 9.2 years for the PGG Wrightson Employment Benefits Plan and 11.5 years for the Wrightson Retirement Plan.

Sensitivity analysis

The sensitivity of the defined benefit obligation (DBO) to changes in the weighted principal assumption is:

	Group / Company 2014	
Change in assumption	Impact on DBO with increase in assumption $000	Impact on DBO with decrease in assumption $000
Discount rate (0.50% movement)	1,656	(1,808)
Salary growth rate (0.50% movement)	(243)	364
Pension growth rate (0.25% movement)	(654)	638
Life expectancy (1 year movement)	(1,095)	1,171

Historical information	2014 $000	2013 $000	2012 $000	2011 $000	2010 $000
Present value of the defined benefit obligation	68,330	72,765	75,495	69,145	66,040
Fair value of plan assets	(54,802)	(51,946)	(49,231)	(52,175)	(47,834)
Deficit / (surplus) in the plan	**13,528**	**20,819**	**26,264**	**16,970**	**18,206**

The Group expects to pay $1.16 million (2014: $2.93 million) in contributions to defined benefit plans in 2015. Member contributions are expected to be $1.08 million (2014: $1.15 million).

28 Defined Benefit Asset / Liability (continued)

Movement in the liability for defined benefit obligations:	Note	Group / Company 2014 $000	Group / Company 2013 $000
Liability for defined benefit obligations at 1 July		72,765	75,495
Benefits paid by the plan		(4,709)	(6,412)
Current service costs		1,220	1,542
Interest costs		2,834	2,361
Member contributions		1,337	1,364
Actuarial (gains)/losses recognised in other comprehensive income arising from:			
(Gains)/losses from change in financial assumptions		(4,958)	(5,366)
Experience (gains)/losses		(159)	3,781
Liability for defined benefit obligations at 30 June		**68,330**	**72,765**
Movement in plan assets:			
Fair value of plan assets at 1 July		51,946	49,231
Contributions paid into the plan		1,427	1,402
Member contributions		1,337	1,364
Benefits paid by the plan		(4,709)	(6,412)
Current service costs and interest		2,105	-
Actuarial gains/(losses) recognised in equity		-	5,197
Expected return on plan assets		2,696	1,164
Fair value of plan assets at 30 June		**54,802**	**51,946**
Expense recognised in profit or loss:			
Current service costs		1,220	1,588
Interest		729	1,811
Expected return on plan assets		(2,696)	(1,164)
		(747)	**2,235**
Recognised in non operating items	10	(2,174)	833
Recognised in Employee Benefit Expense		1,427	1,402
		(747)	**2,235**
Gains and losses recognised in equity:			
Cumulative gains/(losses) at 1 July		(27,555)	(31,598)
Net profit and loss impact from current period costs		747	(2,235)
Recognised during the year		5,117	6,278
Cumulative gains/(losses) at 30 June		**(21,691)**	**(27,555)**

29 Capital and Reserves

	No. of shares 2014 000	No. of shares 2013 000	Group / Company 2014 $000	Group / Company 2013 $000
On issue at 1 July	754,849	754,849	606,324	606,324
Share capital on issue at 30 June	**754,849**	**754,849**	**606,324**	**606,324**

All shares are ordinary fully paid shares with no par value, carry equal voting rights and share equally in any profit on the winding up of the Group.

Foreign currency translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Realised capital reserve
The realised capital reserve comprises the cumulative net capital gains that have been realised.

Revaluation reserve
The revaluation reserve relates to historic revaluations of property, plant and equipment.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet settled.

Defined benefit plan reserve
The defined benefit plan reserve contains actuarial gains and losses on plan assets and defined benefit obligations.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets and equity investments elected at fair value through Other Comprehensive Income until the investments are derecognised or impaired.

Retained earnings
Retained earnings equals accumulated undistributed profit.

Dividends
The following dividends were paid by the Company for the year ended 30 June:

A fully imputed 2014 interim dividend of 2.0 cents per share was paid on 2 April 2014 (2013: Fully imputed 2013 interim dividend of 2.2 cents per share was paid on 28 March 2013, fully imputed 2013 final dividend of 1.0 cent per share was paid on 13 September 2013).

30 Reconciliation of Profit After Tax With Net Cash Flow from Operating Activities

	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Profit after taxation	42,258	(306,505)	31,434	(305,830)
Add/(deduct) non-cash / non operating items:				
Depreciation and amortisation expense	11,242	7,642	7,845	3,584
Impairment losses on goodwill	-	321,143	-	91,323
Fair value adjustments	(1,310)	5,151	(1,310)	1,931
Net (profit)/loss on sale of assets/investments	(5,829)	3,612	(1,754)	318
Bad debts written off (net)	90	1,119	(30)	160
(Increase)/decrease in deferred taxation	(1,615)	5,036	(1,181)	(464)
Equity accounted earnings from associates	(2,521)	(1,483)	-	-
Management fee from subsidiaries	-	-	(17,525)	212,228
Contractual obligations accrual	(160)	(147)	(160)	(147)
Discontinued operations	(898)	1,584	-	-
Financing costs	885	754	885	754
Effect of foreign exchange movements	(5,312)	3,910	-	-
Other non-cash items	(2,484)	1,565	(619)	(5,580)
	34,346	43,381	17,585	(1,723)
Add/(deduct) movement in working capital items:				
Movement in working capital due to sale/purchase of businesses	5,890	(3,482)	-	76
(Increase)/decrease in inventories and biological assets	12,229	12,170	(175)	17,295
(Increase)/decrease in accounts receivable and prepayments	(18,752)	(10,715)	(26,951)	9,063
Increase/(decrease) in trade creditors, provisions and accruals	16,860	(6,454)	25,286	(16,756)
Increase/(decrease) in income tax payable/receivable	7,709	1,091	(1,714)	(909)
Increase/(decrease) in other term liabilities	(3,458)	3,281	193	99
	20,478	(4,109)	(3,361)	8,868
Net cash flow from operating activities	**54,824**	**39,272**	**14,224**	**7,145**

31 Financial Instruments

The Group is committed to the management of risk to achieve sustainability of service, employment and profits, and therefore, takes on controlled amounts of risk when considered appropriate.

The primary risks are those of liquidity, market (foreign currency, price and interest rate), funding and credit risk.

The Board of Directors is responsible for the review and ratification of the Group's systems of risk management, internal compliance and control, code of conduct and legal compliance.

The Board maintains a formal set of delegated authorities (including policies for credit and treasury), that clearly define the responsibilities delegated to management and those retained by the Board. The Board approves these delegated authorities and reviews them annually.

Liquidity Risk
Liquidity risk is the risk that the Group will encounter difficulties in raising funds at short notice to meet commitments associated with financial instruments. The Group monitors its liquidity daily, weekly and monthly and maintains appropriate liquid assets and committed bank funding facilities to meet all obligations in a timely and cost efficient manner. Management of liquidity risk is designed to ensure that the Group has the ability to meet financial obligations as they fall due.

The objectives of the Group's funding and liquidity policy is to:
- ensure all financial obligations are met when due;
- provide adequate protection, even under crisis scenarios; and
- achieve competitive funding within the limitations of liquidity requirements.

The Group manages this risk by forecasting daily cash requirements, forecasting future funding requirements, maintaining an adequate liquidity buffer and ensuring long term lending is reasonably matched with long term funding.

Market Risk
Market risk is the potential for change in the value of balance sheet positions caused by a change in the value, volatility or relationship between market risks and prices. Market risk arises from the mismatch between assets and liabilities, both on and off balance sheet. Market risk includes funding, price, foreign currency and interest rate risk which are explained as follows:

Foreign Currency Risk
The Group undertakes transactions denominated in foreign currencies and exposure to movements in foreign currency arises from these activities. It is the Group's policy to hedge foreign currency risks as they arise. In some circumstances foreign exchange options are used to hedge potential foreign exchange risk. The Group uses forward, spot foreign exchange contracts and foreign exchange options to manage these exposures.

The translation of independent foreign operations into the Group financial statements is not hedged, apart from the seasonal working capital exposure to PGG Wrightson Seeds Australia which is hedged with foreign exchange contracts.

Price and Interest Rate Risk
Price risk is the risk that the value of financial instruments and the interest margin will fluctuate as a result of changes in market interest rates. The risk is that financial assets may be repriced at a different time and / or by a different amount than financial liabilities.

This risk is managed by operating within approved policy limits using an interest rate duration approach.

Floating rate borrowings are used for general funding activities. Interest rate swaps, interest rate options and forward rate agreements are used to hedge the floating rate exposure as deemed appropriate. The Group had Nil (Company: Nil) of interest rate contracts at balance date (2013: Group $67.0 million, Company $67.0 million).

Funding Risk
Funding risk is the risk of over-reliance on a funding source to the extent that a change in that funding source could increase overall funding costs or cause difficulty in raising funds. The Group has a policy of funding diversification. The funding policy augments the Group's liquidity policy with it's aim to ensure the Group has a stable diversified funding base without over-reliance on any one market sector.

Credit Risk
Credit risk is the potential for loss that could occur as a result of a counterparty failing to discharge its obligations. This may be due to drought, bio-security issues or volatility in commodity prices. Management formally reports on all aspects of key risks to the Audit Committee at least two times each year. In addition, the following management committees review and manage key risks:
- The Senior Management Team meets regularly to consider new and emerging risks, reviews actions required to manage and mitigate key risks, and monitors progress.
- The Group has a Credit Committee, comprising of Board representation and management appointees, meets regularly as required to review credit risk, new loans and provisioning.

31 Financial Instruments (continued)

Capital Management
The capital of the Group consists of share capital, reserves, and retained earnings.

The policy of the Group is to maintain a strong capital base so as to maintain investor, creditor and market confidence while providing the ability to develop future business initiatives. In addition, external funding arrangements currently limit the Group's ability to pay dividends due to debt ratio requirements. This policy is reviewed regularly by the Board and has not been changed during the period.

Sensitivity Analysis
The Treasury policy of the Group effectively insulates earnings from the effect of short-term fluctuations in either foreign exchange or interest rates. Over the longer term however, permanent changes in foreign exchange or interest rates will have an impact on profit.

The sensitivity of net profit after tax for the period to 30 June 2014, and shareholders equity at that date, to reasonably possible changes in conditions is as follows:

	Interest rates increase by 1%		Interest rates decrease by 1%	
	2014 $000	2013 $000	2014 $000	2013 $000
Impact on net profit after tax	(869)	(201)	866	205
Members' equity	(869)	(201)	866	205

The stress test uses the existing balance sheet interest rate mismatch against the cumulative mismatch between repricing assets and liabilities out from one to five years. Other market risks such as pricing and foreign exchange are not considered likely to lead to material change over the next reporting period. For this reason sensitivity analysis of these market risks is not included.

Quantitative disclosures

(a) Liquidity Risk - Contractual Maturity Analysis
The following tables analyse the Group financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date (reported on an undiscounted basis). History demonstrates that such accounts provide a stable source of long term funding for the Group.

Group 2014	Within 12 months	1 to 2 years	Contractual cash flow	Balance Sheet
Liabilities				
Bank facilities	41,847	68,239	110,086	100,573
Derivative financial instruments	887	5	892	892
Trade and other payables	243,297	-	243,297	243,297
	286,031	**68,244**	**354,275**	**344,762**
Group 2013				
Liabilities				
Bank overdraft	12,470	-	12,470	12,463
Bank facilities	35,835	64,038	99,873	97,239
Derivative financial instruments	2,451	623	3,074	3,074
Trade and other payables	229,344	-	229,344	229,344
	280,100	**64,661**	**344,761**	**342,120**
Company 2014				
Liabilities				
Bank facilities	3,954	68,006	71,960	65,000
Derivative financial instruments	376	-	376	376
Trade and other payables	160,647	-	160,647	160,647
	164,977	**68,006**	**232,983**	**226,023**
Company 2013				
Liabilities				
Bank overdraft	9,521	-	9,521	9,514
Bank facilities	-	64,038	64,038	62,000
Derivative financial instruments	429	-	429	429
Trade and other payables	191,100	-	191,100	191,100
	201,050	**64,038**	**265,088**	**263,043**

(b) Liquidity Risk - Expected Maturity Analysis
The expected cash flows of the Group's finance receivables equal their contractual cash flows.

31 Financial Instruments (continued)

(c) Foreign Currency Exposure Risk

The Group's exposure to foreign currency risk can be summarised as:

	GBP NZ$000	USD NZ$000	AUD NZ$000	Euro NZ$000
Group 2014				
Cash and cash equivalents	11	4,114	26	142
Trade and other receivables	1,812	69,160	1,045	38,274
Bank facilities	-	(29,657)	-	-
Trade and other payables	(461)	(56,903)	(243)	(2,832)
Net balance sheet position	1,362	(13,286)	828	35,584
Forward exchange contracts				
Notional forward exchange cover	1,525	5,480	841	35,448
Net unhedged position	**(164)**	**(18,766)**	**(13)**	**136**
Group 2013				
Cash and cash equivalents	141	1,951	564	56
Trade and other receivables	650	30,765	79	27,291
Bank overdraft	-	-	(2,767)	-
Trade and other payables	-	(9,283)	(2,255)	(3,207)
Net balance sheet position	791	23,433	(4,379)	24,140
Forward exchange contracts				
Notional forward exchange cover	656	21,466	(5,022)	23,445
Net unhedged position	**135**	**1,967**	**643**	**695**
Company 2014				
Cash and cash equivalents	-	99	10	39
Trade and other receivables	-	9,194	-	-
Trade and other payables	(461)	(17,275)	(243)	(5)
Net balance sheet position	(461)	(7,982)	(233)	34
Forward exchange contracts				
Notional forward exchange cover	(287)	(8,910)	(203)	-
Net unhedged position	**(174)**	**928**	**(30)**	**34**
Company 2013				
Cash and cash equivalents	-	28	-	-
Trade and other receivables	-	4,161	-	-
Trade and other payables	-	(5,463)	(794)	(86)
Net balance sheet position	-	(1,274)	(794)	(86)
Forward exchange contracts				
Notional forward exchange cover	-	(1,323)	(794)	(86)
Net unhedged position	**-**	**49**	**-**	**-**

The net balance sheet positions for the Group in AUD and USD include cash, trade and other receivables, and trade and other payables for the Australian and South American domiciled subsidiary companies and are therefore not hedged.

(d) Interest Rate Repricing Schedule

The following tables include the Group's assets and liabilities at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Within 12 months $000	1 to 2 years $000	Over 2 years $000	Non interest bearing $000	Total $000
Group 2014					
Liabilities					
Bank facilities	100,573	-	-	-	100,573
Derivative financial instruments	-	-	-	892	892
Trade and other payables	-	-	-	243,297	243,297
	100,573	**-**	**-**	**244,189**	**344,762**
Group 2013					
Liabilities					
Bank overdraft	12,463	-	-	-	12,463
Bank facilities	97,239	-	-	-	97,239
Derivative financial instruments	-	-	-	3,074	3,074
Trade and other payables	-	-	-	229,344	229,344
	109,702	**-**	**-**	**232,418**	**342,120**
Company 2014					
Liabilities					
Bank facilities	65,000	-	-	-	65,000
Derivative financial instruments	-	-	-	376	376
Trade and other payables	-	-	-	160,647	160,647
	65,000	**-**	**-**	**161,023**	**226,023**
Company 2013					
Liabilities					
Bank overdraft	9,514	-	-	-	9,514
Bank facilities	62,000	-	-	-	62,000
Derivative financial instruments	-	-	-	429	429
Trade and other payables	-	-	-	191,100	191,100
	71,514	**-**	**-**	**191,529**	**263,043**

31 Financial Instruments (continued)

(e) Accounting classifications and fair values

The tables below set out the Group's classification of each class of financial assets and liabilities, and their fair values.

	Designated at fair value $000	Other amortised cost $000	Total carrying amount $000	Fair value $000
Group 2014				
Assets				
Cash and cash equivalents	-	11,343	11,343	11,343
Derivative financial instruments	2,925	-	2,925	2,925
Trade and other receivables	-	218,747	218,747	218,747
Other investments	9,282	1,365	10,647	10,647
Finance receivables	-	3,561	3,561	3,561
	12,207	**235,016**	**247,223**	**247,223**
Liabilities				
Derivative financial instruments	892	-	892	892
Trade and other payables	-	243,297	243,297	243,297
Bank facilities	-	100,573	100,573	100,573
	892	**343,870**	**344,762**	**344,762**
Group 2013				
Assets				
Cash and cash equivalents	-	5,845	5,845	5,845
Derivative financial instruments	665	-	665	665
Trade and other receivables	-	199,013	199,013	199,013
Other investments	21,054	2,941	23,995	23,995
Finance receivables	-	11,477	11,477	11,477
	21,719	**219,276**	**240,995**	**240,995**
Liabilities				
Bank overdraft	-	12,463	12,463	12,463
Derivative financial instruments	3,074	-	3,074	3,074
Trade and other payables	-	229,344	229,344	229,344
Bank facilities	-	97,239	97,239	97,239
	3,074	**339,046**	**342,120**	**342,120**

	Designated at fair value $000	Other amortised cost $000	Total carrying amount $000	Fair value $000
Company 2014				
Assets				
Cash and cash equivalents	-	6,059	6,059	6,059
Derivative financial instruments	32	-	32	32
Trade and other receivables	-	159,625	159,625	159,625
Other investments	-	501	501	501
	32	**166,185**	**166,217**	**166,217**
Liabilities				
Derivative financial instruments	376	-	376	376
Trade and other payables	-	160,647	160,647	160,647
Bank facilities	-	65,000	65,000	65,000
	376	**225,647**	**226,023**	**226,023**
Company 2013				
Assets				
Cash and cash equivalents	-	326	326	326
Derivative financial instruments	279	-	279	279
Trade and other receivables	-	185,306	185,306	185,306
Other investments	11,067	492	11,559	11,559
	11,346	**186,124**	**197,470**	**197,470**
Liabilities				
Bank overdraft	-	9,514	9,514	9,514
Derivative financial instruments	429	-	429	429
Trade and other payables	-	191,100	191,100	191,100
Bank facilities	-	62,000	62,000	62,000
	429	**262,614**	**263,043**	**263,043**

The Group's banking facilities are based on floating interest rates. Therefore the fair value of the banking facilities equals the carrying value.

31 Financial Instruments (continued)

(e) Accounting classifications and fair values (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no material movements between the fair value hierarchy during the year ended 30 June 2014.

	Note	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Group 2014					
Assets					
Derivative financial instruments		-	2,925	-	2,925
Other investments	24	-	-	9,282	9,282
		-	**2,925**	**9,282**	**12,207**
Liabilities					
Derivative financial instruments		-	892	-	892
		-	**892**	**-**	**892**
Group 2013					
Assets					
Derivative financial instruments		-	665	-	665
Other investments	24	11,067	-	9,987	21,054
		11,067	**665**	**9,987**	**21,719**
Liabilities					
Derivative financial instruments		-	3,074	-	3,074
		-	**3,074**	**-**	**3,074**
Company 2014					
Assets					
Derivative financial instruments		-	32	-	32
Other investments		-	-	-	-
		-	**32**	**-**	**32**
Liabilities					
Derivative financial instruments		-	376	-	376
		-	**376**	**-**	**376**
Company 2013					
Assets					
Derivative financial instruments		-	279	-	279
Other investments	24	11,067	-	-	11,067
		11,067	**279**	**-**	**11,346**
Liabilities					
Derivative financial instruments		-	429	-	429
		-	**429**	**-**	**429**

Interest rates used for determining fair value	2014	2013
Finance receivables	14.2%	14.4%

(f) Credit Risk

The carrying amount of financial assets represents the Group's maximum credit exposure. The Group's maximum credit exposure to credit risk for receivables by geographic regions is as follows:

Total finance receivables, trade and other receivables	Group 2014 $000	Group 2013 $000
New Zealand	168,302	155,376
Australia	10,793	16,395
South America	58,139	54,282
	237,234	**226,053**

Concentrations of Credit Risk

Financial instruments which potentially subject the Group to concentrations of credit risk principally consist of bank balances, advances, trade debtors, and interest rate forward agreements. The Group places its cash and short term investments with three major trading banks. Concentrations of credit risk with respect to advances are limited due to the large number of customers included in the Group's farming customer base in New Zealand.

32 Operating Leases

	Group 2014 $000	Group 2013 $000	Company 2014 $000	Company 2013 $000
Non-cancellable operating lease rentals are payable as follows:				
Within one year	21,083	24,821	15,945	19,272
Between one and five years	37,180	55,445	28,961	41,639
Beyond five years	10,059	21,260	6,731	14,428
	68,322	**101,526**	**51,637**	**75,339**

The Group leases a fleet of vehicles for use by employees, agents and representatives. Leases are typically for a period of three years.

The Group leases office and computer equipment. Leases are typically for a period of three years.

The Group also leases and subleases land and buildings from which it conducts operations. These leases range in length from 1 to 13 years with various rights of renewal. Where surplus properties are unable to be exited, sublease revenue is obtained where possible on a short-term temporary basis. During the year ended 30 June 2014 sublease revenue totalling $0.95 million (2013: $1.44 million) was received.

33 Seasonality of Operations

The Group is subject to significant seasonal fluctuations. In particular, Livestock and Seeds activity are significantly weighted to the second half of the financial year. Seeds revenues reflects the fact the Group operates in geographical zones that suit Autumn harvesting and sowing. New Zealand generally has spring calving and lambing and so Livestock trading is weighted towards the second half of the financial year in order for farmers to maximize their incomes. Other business units have similar but less material cycles. The Group recognises this is the nature of the industry and plans and manages its business accordingly.

34 Commitments

	Group 2014 $000	Group 2013 $000
There are commitments with respect to:		
Capital expenditure not provided for	1,377	983
Investment in BioPacificVentures	429	704
Contributions to Primary Growth Partnership	3,017	3,642
Purchase of land - Corson Maize	-	1,800
	4,823	**7,129**

Investment in BioPacificVentures

The Group has committed $14.00 million to an international fund established for investment in food and agriculture life sciences. The Group's investment in BioPacificVentures began in June 2005. The investment has an anticipated total lifespan of 12 years. At 30 June 2014 $13.57 million has been drawn on the committed level of investment (2013: $13.30 million), which is included in other investments.

Primary Growth Partnership - Seed and nutritional technology development

The Group announced on 18 February 2013 that it had completed the contracting process for the Primary Growth Partnership (PGP) programme with the Ministry of Primary Industries. The PGP programme is a Seed and Nutritional Technology Development Programme that aims to deliver innovative forages for New Zealand farms. As a result of entering into the partnership the Group is committed to contributions to the partnership of $3.95 million over the six year life of the programme which ends on 31 December 2018. As at 30 June 2014 total contributions of $0.93 million (2013: $0.30 million) have been made to the programme.

There are no material commitments relating to investment in associates.

35 Contingent Liabilities

	Group 2014 $000	Group 2013 $000
There are contingent liabilities with respect to:		
Guarantees	-	16,840
PGG Wrightson Loyalty Reward Programme	133	313
	133	**17,153**

PGG Wrightson Loyalty Reward Programme

The PGG Wrightson Loyalty Reward Programme is run in conjunction with the co-branded ASB Visa reward card. A provision is retained for the expected level of points redemption. The contingent liability represents the balance of live points that are not provided for.

Silver Fern Farms Supply Contract

In June 2011 a provision was booked in respect of the Silver Fern Farms supply contract. This provision was determined by the Directors to be the anticipated excess of costs to be borne under the contract over anticipated returns from the contract. Beyond the provision estimated in Note 27, the Directors consider that an additional liability is not probable based on the current level of livestock supply and livestock supply levels over the past three years.

No losses are expected to arise from these contingent liabilities. There are no contingent liabilities relating to investments in associates.

36 Related Parties

Company and ultimate controlling party

The immediate parent of the Group is Agria (Singapore) Pte Ltd and the ultimate controlling party of the Group is Agria Corporation.

Transactions with key management personnel

Key Management Personnel compensation

Key management personnel compensation comprised:	Group 2014 $000	Group 2013 $000
Short-term employee benefits	5,997	4,824
Post-employment benefits	93	58
Termination benefits	18	-
Other long-term benefits	-	-
Share-based payments	-	-
	6,108	**4,882**

The PGW Group Executive team was revised in September 2013 following the appointment of the Chief Executive Officer in July 2013. The executive team is responsible for leadership across the business together with decision making, direction setting and communication. This new team has resulted in an enlarged group from those previously considered key management personnel. No changes have been made to comparative information.

Directors fees incurred during the year are disclosed in Note 8 Other Operating Expenses, and in the Statutory Information.

Other Transactions with Key Management Personnel

A number of Directors, senior executives or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. A number of these entities transacted with the Group during the reporting period. The terms and conditions of these transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to Directors, senior executives and entities over which they have control or significant influence were as follows:

Key Management Personnel/Director	Transaction	Transaction Value 2014 $000	Balance Outstanding 2014 $000	Transaction Value 2013 $000	Balance Outstanding 2013 $000
Trevor Burt	Purchase of retail goods and livestock transactions	26	-	25	-
Mark Dewdney	Purchase of retail goods and livestock transactions	580	10	-	-
Grant Edwards	Purchase of retail goods	1	-	-	-
George Gould (retired 28 June 2013)	Purchase of retail goods	-	-	419	16
David Green	Purchase of retail goods	16	3	-	-
Stephen Guerin	Purchase of retail goods	12	-	7	-
John McKenzie	Purchase of retail goods, sale of seed under production contracts and livestock transactions	4,922	(47)	3,576	17
Peter Newbold	Purchase of retail goods	5	-	-	-
Bill Thomas (retired 24 October 2012)	Purchase of retail goods	-	-	24	7
Nigel Thorpe (resigned 30 June 2014)	Purchase of retail goods and livestock transactions	174	-	18	-

From time to time Directors and senior executives of the Group, or their related entities, may use the PGG Wrightson ASB Visa rewards credit card facility and/or purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are minor or domestic in nature.

Management fees from Subsidiaries

During the financial year, the Company paid/(received) management fees with respect to the subsidiaries below. These management fees were eliminated on consolidation.

	2014 $000	2013 $000
Agriculture New Zealand Limited	(2,500)	(1,000)
PGW Agritrade Limited	-	(11,000)
PGW AgriTech Holdings Limited	(25)	207,728
PGG Wrightson Seeds Limited	(3,000)	(10,000)
PGW Rural Capital Limited	-	3,000
PGG Wrightson Wool Limited (amalgamated 24 July 2013)	-	8,000
PGG Wrightson Real Estate Limited	-	3,500
AgriServices South America Limited	(12,000)	12,000
	(17,525)	212,228

Subsidiary intercompany trading

A number of members of the Group transacted with other members of the Group in the reporting period. Balances on hand at balance date are disclosed in trade and other receivables, and trade and other payables. All intercompany transactions are eliminated on consolidation.

37 Events Subsequent to Balance Date

Final Dividend

On 11 August 2014 the Directors of PGG Wrightson Limited resolved to pay a final dividend of 3.5 cent per share on 3 October 2014 to shareholders on the Company's share register as at 26 August 2014. This dividend will be fully imputed.

Independent auditor's report

To the shareholders of PGG Wrightson Limited

Report on the company and group financial statements

We have audited the accompanying financial statements of PGG Wrightson Limited ("the company") and the group, comprising the company and its subsidiaries, on pages 1 to 33. The financial statements comprise the statements of financial position as at 30 June 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

Directors' responsibility for the company and group financial statements

The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these company and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company and group's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company and group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other services to the company and group in relation to general accounting services. Subject to certain restrictions, partners and employees of our firm may also deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. These matters have not impaired our independence as auditor of the company and group. The firm has no other relationship with, or interest in, the company and group.

KPMG

Opinion

In our opinion the financial statements on pages 1 to 33:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the company and the group as at 30 June 2014 and of the financial performance and cash flows of the company and the group for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by PGG Wrightson Limited as far as appears from our examination of those records.

KPMG

11 August 2014
Christchurch